

*A Transatlantic Record***U.S. Approves \$99 Fare For Boston-Amsterdam**

WASHINGTON, June 13 (UPI) — The Civil Aeronautics Board ruled today that Pan American World Airways can start offering history's lowest scheduled transatlantic fare Thursday — \$99 for a standby ticket for nonstop flights from Boston to Amsterdam.

The board acted unusually quickly, giving its approval hours after Pan Am proposed the new fare. Round trip will cost \$149.

A Pan Am spokesman said the low fare would stay in effect through July 14 to introduce the nonstop service. After the one-month introductory period, he said, the fare would go to a permanent \$155 one-way or \$279 round-trip.

Even the higher permanent fare represents a major discount. An economy class round-trip ticket from Boston to Amsterdam on existing routes with a stop in London costs \$812.

The board's haste, and the airline's decision to offer a big discount, were prompted by the fact that Pan Am's authority to fly from Boston to London will expire Thursday under terms of a new U.S.-British air agreement.

Pan Am and Trans World Airlines both fly from Boston to London now, but the new agreement limits the United States to one carrier on the route, and the CAB decided it should be TWA.

Somalia Denies Aiding Rebels Against Ethiopia

From Its Dispatches
MOGADISHU, Somalia, June 13 — The Somali government today denied Western media reports that units of its army, disguised as civilians, were fighting with the guerrilla force against Ethiopia.

"The Somali Democratic Republic immediately withdrew the units of its troops from western Somalia," following the decision by the central committee of the Somali Revolutionary Socialist Party on March 9, the government statement said.

"Let it be also clear that no single Somali soldier is to be found in western Somalia. All that Somalia gives to the liberation movements of western Somalia ... is moral support, for their cause is a just one," the statement added.

In Paris, the Somali Embassy expressed surprise about reports in the French press attributed to Zaire's press agency that Somalia would send a military contingent to Zaire. Somalia "has no intention to participate in this so-called pan-African intervention force," it said.

Moscow Agrees to Seek Troops Ceilings

(Continued from Page 1)

forces, approximately twice as many Soviet forces would be removed from Europe as U.S. forces.

The Soviet proposal is described by officials as Moscow's first major move in the talks. As such, it is thought to reflect a new Soviet desire to reach agreement. "We now have the basis for real negotiations," a White House official said.

Bigest Problem

Still, several issues remain to be resolved in the talks, and officials stressed that it was premature to suggest that the two sides are close to agreement.

The biggest problem now standing in the way of an accord, officials said, is that negotiators disagree over estimates of the number of troops each side deploys in Central Europe.

Moscow says that Warsaw Pact ground forces number 805,000, so that, under its new proposal, about

U.S. Ship Sinks After Collision

GIBRALTAR, June 13 (UPI) — The 11,304-ton U.S. bulk carrier Yellowstone sank in the Mediterranean today after a collision with an Algerian freighter off Gibraltar yesterday that killed five of the U.S. ship's crew and seriously injured three.

A spokesman for Britain's Royal Navy, which was leading the rescue operations from the Gibraltar base, said that the few remaining Yellowstone crewmen and the two Navy men aboard the Yellowstone were transferred to a Navy tug shortly before the Yellowstone sank.

After the ships separated, the Algerian vessel Ibn Batouma headed for the Algerian port of Oran under its own steam. The damage it had suffered was well above the waterline, a spokesman said.

A suit that's almost as light as a shirt

IT WEIGHS under 25 ounces, and yet it washes just like a shirt. It dries in three hours without a wrinkle, and so no ironing is needed. And it comes in various blues and beiges, plain or with very

fine stripes, and also in khaki (f 1,550). The secret of its extraordinary lightness is the way the cloth is woven: it's a Terital twill made on silk looms.

Terital 2 can also show you a bush jacket in the same fabric in blue, beige, khaki or white (f 1,390).

LANVIN

2, rue Cambon, Paris 1^{er} - tel. 260 38 83



STATE VISIT — Romanian President Nicolae Ceausescu waves as he rides in the State Coach with Queen Elizabeth as they set off on a processional drive to Buckingham Palace.

As Part of \$1-Billion Rescue Plan**Zaire to Allow IMF to Manage Economy**

By Paul Lewis

BRUSSELS, June 13 (NYT) — President Mobutu Sese Seko of Zaire apparently agreed today to wide-ranging international control of his country's economy as part of a \$1-billion Western-backed plan

for shoring up his shaky regime, further weakened last month when Soviet-backed rebels invaded Shaba province and closed some of its mines.

Today's agreement, which provides for the International Monetary Fund in Washington to take effective control of Zaire's economy, was reached on the first day of a two-day meeting here between the United States and 10 other pro-Western countries backing a new plan for strengthening Zaire's economy and underpinning the Mobutu regime.

Besides the United States and Zaire, other participants in today's meeting were Britain, France, West Germany, the Netherlands, Belgium, Italy, Canada, Iran, the IMF and the World Bank. Although Saudi Arabia is not represented at the talks, it has agreed in principle to join these other countries in giving economic aid to Zaire.

Protection of Mines

But although this meeting is concerned only with getting Zaire's damaged economy working again, the participating governments know they cannot succeed unless

the mines of Shaba province, which provide most of the country's wealth, are protected against new attacks by rebel forces based in neighboring Angola.

Since last month's rebel invasion, the United States, France and Belgium have backed efforts to create a pan-African military force that will help the demoralized Zairian army protect Shaba against further attacks.

The participants at today's meeting here were discussing a long-term proposal, known as the "Mobutu plan" under which the West will pump upward of \$1 billion into Zaire's ailing economy over the next two years.

However, the United States and its Western partners are insisting that President Mobutu accept strict supervision of his country's economy by the IMF and other international bodies in return for this assistance, to make sure the money is not wasted.

If Zaire can reach agreement on new economic policies with the IMF, a group of big international banks, headed by Citibank, is also expected to provide further assistance and ease repayment terms on some of the country's huge outstanding loans.

Today, the Belgian government spokesman said the Zaire delegation has agreed to let the IMF put a representative in the central bank of Zaire to oversee all spending.

Zaire also accepted a similar outside overseer in its Finance Ministry and will impose new restrictions on imports to save foreign exchange.

But officials here tonight said that before Western governments provide more long-term aid for Zaire, they want President Mobutu to draw another loan from the IMF and agree to carry out the tough economic policies it will demand in return.

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Urge Smaller, Cheaper Vessels

Senate Challenges Navy On Submarine Program

By George C. Wilson

WASHINGTON. June 13 (UPI) — Fears that a second submarine cap will develop, this one involving killer subs rather than missile boats, have prompted the Senate's sharpest challenge yet to Navy undersea warfare plans.

The Senate Armed Services Committee is demanding that the Navy think smaller and cheaper, rather than buying the biggest and best submarines that money can buy.

Otherwise, the committee said, the Navy is going to price itself out of new missile and killer subs the way the Air Force priced itself out of B-1 bombers.

The committee, which the Navy cannot ignore, followed its warnings with a request to consider new ideas for submarines, including on-nuclear power plants.

U.S. Suit on Police Backs Hiring Women

WASHINGTON. June 13 (UPI) — The U.S. Justice Department yesterday sued officials of Schiller Park, a Chicago suburb, for refusing to hire women as police officers.

The suit alleges that village officials "restrict employment opportunities for women by imposing eight and weight requirements for police officers and have refused to recruit and hire women on the same basis as men." The village has 0 male police officers.

Student Pranks Draw Attention to 5-Year-Old Academy

Old German Problems at Bonn's New Military School

By Michael Getler

MUNICH (WP) — West Germany's military academy — started five years ago as another post-war step toward breaking and liberalizing the old traditions of training young officers — has run into some old German problems.

Until last year nobody paid much attention to the 2,500 young lieutenants and officer trainees attending the three-year military university here, or to the 2,000 others studying at the north German campus in Hamburg. But last fall 11 officers, all in their early twenties, were suspended when it was revealed that during a late-evening beer-drinking bout at the university's student center, they allegedly scribbled the word *Juden* (Jews) on pieces of paper and threw them into a fire.

Initially, other officers broke it up and the university tried to handle things quietly. When the event was disclosed in the press and officially confirmed, the criticism was heavy. The stunned Defense Ministry suspended the students pending an investigation. The incident was caused mostly by beer and youth school administrators believed them — and still do.

"After intensive questioning of the students involved," a university spokesman said at the time, "it was concluded they were not anti-Semites and Nazis, but rather immature young soldiers with a deplorable lack of insight and information."

Court Probe

A West German district court is still trying to find exactly what happened that night. Meanwhile, the students have been reinstated awaiting the verdict. Things have calmed down.

Last month, however, two more students were suspended by the Defense Ministry when a third student reported a conversation over beers at a nearby sports club in which the two officers allegedly spoke approvingly of political murder. One of the officers reportedly said he was not sorry that terrorists had shot industrialist Hanns-Martin Schleyer last fall, considering the number of things Mr. Schleyer had been involved with. Schleyer was an SS officer during the war. The other student allegedly said that by that standard, many politicians should be shot.

The first incident seemed to suggest rightist extremists among the student body. The second seemed to suggest leftist extremists. Neither is true as a characterization.

U.S. Defector To Russia Said Seeking Return

LENINGRAD. June 13 (UPI) — Vernon Mitchell, a former cryptographer for the U.S. government who defected to Moscow 18 years ago and who now teaches at Leningrad University, evidently wants to go home, informed sources report.

Mr. Mitchell, 49, was employed at the National Security Agency in Fort Meade, Md., when he defected with a colleague to the Soviet Union in the summer of 1960 "for moral and political reasons."

"Mitchell has visited the consulate two times this year to talk to a consular official," a U.S. diplomat here said. Sources said that Mr. Mitchell had asked questions regarding possible prosecution for espionage if he returned to the United States.

NSA, the most secret of all U.S. intelligence agencies, is concerned mainly with breaking foreign codes and protecting U.S. codes. It also intercepts foreign communications with sophisticated monitoring equipment.



RETURN TO DAYLIGHT — Stunt man "Country Bill" White, 44, of Florida, climbs from his 3-by-6-foot cubicle, which was buried more than six feet deep. At the top he is greeted by about 300 cheering onlookers after living underground for 134 days, 4 hours and 10 minutes. A world record. An old record of 217 days was disallowed by the Guinness Book of World Records because of some technicality. But Mr. White beat the second-best mark of 119 days.

Signs Autographs for Shy Russians

Muhammad Ali: A Star on Red Square

MOSCOW. June 13 (UPI) — They even recognized Muhammad Ali in Red Square. Of course, it isn't every day that a man with a pretty face jogs through the square at 6 a.m. in a blue sweatshirt.

Mr. Ali danced and shuffled

along the cobblestone streets in the shadow of the Kremlin wall today, then grinned and signed autographs. Residents, many out to watch the changing of the guard at the Lenin mausoleum, were shy at first. Many clutched paper and

pen, wondering whether to approach the former world heavyweight boxing champion. But Mr. Ali's grin wiped out all barriers and he scribbled away merrily.

At one point, Mr. Ali spotted an African student about 50 yards away. "Hey, there goes a black man," he said. Mr. Ali stalked over, rolled his eyes and put up his fists in a mock challenge, then signed an autograph while the Kenyan student beamed.

"I've got the most recognizable face on earth," Mr. Ali said. "Tell me, who else could come to Russia like this and be recognized?"

Mr. Ali arrived yesterday for a 10-day visit by invitation from the Soviet State Committee on Physical Fitness and Sports. But he still cannot believe it. He will visit Tashkent tomorrow and Samarkand before returning to Moscow during the weekend.

He said that he wanted to meet with President Leonid Brezhnev before he leaves, adding that he also hoped to slip away from his hotel and meet common working people.

On a drive to the outskirts of Moscow, Mr. Ali said that he could not believe how different the Soviet Union is from the United States.

"It's the only country I've been in where the only thing American you see is blue jeans," he said. But mainly, he was quiet. And that in itself is news.

Officer Role

The main job here is to provide officers who can carry out their military roles better. "And this university definitely provides a better educated officer," says Dr. Engert. "But it's not a place to teach democracy to students. It's impossible to do in three years if you add politics."

The problem is well known. The public schools often avoid teaching about the Nazi era, and there is usually no real knowledge about "how a democracy functions" before they get here, says Cmdr. von Wangenheim. Also, the so-called "inner leadership" program during the basic 15-month military training before university entry fails well short of its lofty goals.

In effect, the army university will soon try to make up for some of that by expanding the material covered in political science here.

The demonstration is to be held in front of Skokie's city hall, with swastikas and other Nazi emblems in full display. Militant Jewish organizations have threatened violence.

The invalidated ordinances required a permit for any parade of public assembly of more than 50 persons, and ordered the applicant to take out \$300,000 in liability insurance and \$50,000 in property damage insurance. They harred the distribution of "hate literature" and forbade marches in paramilitary uniforms.

The National Socialist (Nazi) Party of America, represented by the American Civil Liberties Union, argued that it had a constitutional right to peaceful assembly.

U.S. Supreme Court Refuses To Bar Nazi March in Skokie

WASHINGTON. June 13 (NYT) — The Supreme Court has cleared the way for U.S. Nazis to march through Skokie, a heavily Jewish suburb of Chicago, on June 25. The court issued a one-sentence order yesterday denying the town's request for a temporary stay against the march.

Officials in Skokie — home of several thousand survivors of World War II Nazi concentration camps — had hoped the high court would bar the march until they had time to appeal a lower court ruling that struck down as unconstitutional three local ordinances meant to prevent the march.

There now appears to be no further legal bar to the Nazis. Until Skokie's appeal of the decision striking down its ordinances can be considered, which is not likely soon, the lower court ruling stands.

The Nazis' insistence on demonstrating in Skokie has raised difficult questions about the limits of free speech and expression. Civil libertarians are divided over whether the right of non-violent demonstration can be denied to a group because it has objectionable goals.

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California Shuts Summer School

LOS ANGELES. June 13 (UPI) — The Los Angeles Board of Education voted yesterday to cancel summer school this year because of voter approval last week of Proposition 13, which reduced local property taxes in California by up to 60 percent.

The decision, affecting 250,000 of the city's 583,000 children, will eliminate 10,225 jobs and save \$31.3 million, a spokesman said. It will shut all elementary, secondary, special, continuing and adult education schools that had been scheduled for operation from July 3 through Aug. 11.

The decision was made as community college professors and

U.S. Seeks Drop In Smog Limits

WASHINGTON. June 13 (UPI) — The U.S. Environmental Protection Agency today proposed to change the level at which smog becomes illegal — to 0.10 parts per million per hour, compared to 0.08 — saying that the existing level is needlessly stringent.

In addition, the agency said that smog would now officially have a new name: ozone. In the past, the agency had used the term photochemical oxidants to describe what happens when hydrocarbon and nitrogen dioxide from car exhaust and other sources are exposed to sunlight.

The agency said that the proposed change would put in compliance some of the 103 cities with populations of more than 200,000 that were identified in March as not meeting the ozone standard.

Escapees by Air Captured in U.S.

OMAHA, Neb. June 13 (UPI) — Three men who stole a small plane after escaping from the maximum security area of a jail here were apprehended yesterday in Pembinia, N.D., near the Canadian border, authorities said.

The Federal Aviation Administration had issued a nationwide alert for the twin-engine Piper Comanche. The circumstances surrounding the capture were not clear.

Two of the escapees had been convicted of first-degree murder.

The other was being held for a probation violation and on a federal misdemeanor warrant.

Captors Free Italian Kidnapped in March

COMO, Italy. June 13 (AP) — Angelo Longoni, 52, owner of a printing plant, was released overnight by his kidnappers near here after more than three months captivity, police said today.

Police said that Mr. Longoni's condition was fair. They did not disclose whether a ransom was paid. Mr. Longoni was abducted by two persons March 9 in the nearby town of Mariano Comense.

Thus, many students here now feel that they cannot even joke while having a beer, for fear that someone will tell on them and they will be immediately suspended.

There is a danger that if every discussion off the campus will be reported, sent to the Defense Ministry and reported in the newspapers, that it will be the end of discussion of young men and the end of the university," says a young lieutenant in Dr. Klaus von Schubert's political science class.

"One has to be able to discuss things in a free way, to joke around, even to engage in black humor at midnight. It doesn't mean it's serious," he says.

Most students here say it is only a minority, and not the bright students, who get involved in such comments, and are angry at them for bringing such bad publicity on the fledgling school. A typical comment is that "we are not anti-Semitic, because we never saw a Jew in our lives."

DIVORCE IN 24 HOURS

Mutual consent or unilateral actions. Low cost, quick jet flight to Hotel or Santo Domingo, 1st-class hotel. All ground transportation included. Call collect 53-75 for 24-page booklet for Dr. F. Gonzalez, CDA, 1721 DeSales St., N.W., Suite 203, Wash. D.C. 20036, ILSA, Inc. 202-452-8831. Worldwide service.

Links Stressed by Carter, Desai

WASHINGTON. June 13 (AP) — Prime Minister Moraji Desai of India began two days of talks with President Carter today, and both stressed friendship rather than differences over nuclear nonproliferation.

Administration officials said privately that the president hoped to avoid a confrontation with Mr. Desai over the nuclear issue, which they regard as the only major irritant in improving relations with India.

Mr. Desai, who arrived last

Huang to Visit Tehran

TEHRAN, Iran. June 13 (UPI) — Chinese Foreign Minister Huang Hua will arrive tomorrow for talks with Shah Mohammed Reza Pahlavi on Africa and the Middle East, Iran's radio said.

Pan Am now has the only daily transatlantic 747 to Houston and Mexico City — flight PA 001 from Tehran, Frankfurt and London Heathrow. Pan Am's exclusive Heathrow departure at 1:30 p.m. is convenient for connecting flights from major European and Middle East cities.

You fly in the comfort of a 747 with more head room, leg room and space to walk about in. Plus eight music channels*, a choice of two films*, three different menus in Economy — and First Class the only dining room in the sky.

And, of course, you get the experience and service of Pan Am's People.

Ask your travel agent for details.

*Nominal charge in Economy.

Pan Am's People

Their experience makes the difference



9. Homesick.

(Another good reason to call home.)

An international call is the next best thing to being there.

U.S. Supreme Court Refuses Case

Bell Set Back in FBI Files Fight

By Warren Weaver Jr.

WASHINGTON. June 13 (NYT) — Attorney General Griffin Bell today lost a round in his attempt to prevent the Socialist Workers Party from learning the identity of some of the FBI agents who worked as informants within the party's ranks.

With three justices dissenting,

the U.S. Supreme Court declined to accept for review a ruling that the Department of Justice had no procedural right to challenge a trial judge's order that the FBI hand over 19 files on informants to the court's attention.

With three justices dissenting, the U.S. Supreme Court declined to accept for review a ruling that the Department of Justice had no procedural right to challenge a trial judge's order that the FBI hand over 19 files on informants to the court's attention.

In other actions:

Mr. Bell had served notice that he would refuse to comply with the order by District Court Judge Thomas Griesa, thus inviting charges of contempt to obtain judicial review of the merits of his legal position.

The government has contended that identification of even a few of the 1,300 members within the ranks of the Socialist Workers Party between 1938 and 1973 would damage the agency's ability to gather law enforcement information generally.

5-Year-Old Case

The case arose five years ago, when the Socialist Workers Party, the Young Socialist Alliance and several individual members filed suit against the federal government, seeking an injunction against surveillance and \$40 million in damages for harassment, wiretapping, mail tampering and a variety of related offenses.

During pretrial maneuvering, the Department of Justice surrendered about 70,000 documents to the party without information about informants. As a result, Judge Griesa accused the FBI of defying his orders and threatened to consider imprisonment as well as contempt to enforce them.

Voting to accept the case for review were Chief Justice Warren Burger and Associate Justices William Brennan Jr. and Thurgood Marshall. Dissenting, the court left standing a ruling that the Equal Employment Opportunity Commission must meet all federal requirements for class action suits when it files sex discrimination cases on behalf of several employees.

Reversing the lower courts, the U.S. Court of Appeals for the Seventh Circuit had held that individual residents and the village had legal standing to challenge the practice on the basis of their right to live in an integrated society.

With Associate Justices William Brennan Jr. and Thurgood Marshall dissenting, the court left standing a ruling that the Equal Employment Opportunity Commission must meet all federal requirements for class action suits when it files sex discrimination cases on behalf of several employees.

With Associate Justices William Brennan Jr. and Thurgood Marshall dissent

Canada: A Federal Solution

If there is to be a solution for Canada's problems with jealous — and, in the case of Quebec, positively hostile — provinces it will have to be an effective federalism. And what Canada is seeking now, through Prime Minister Trudeau's efforts to gain acceptance of a new constitution, is what many nations, riven by ethnic or religious divisions, must also seek.

The Canadian experience has certain features, historically and geographically. A one-time colony then, a dominion now still formally subject to the British throne, it developed under various forms of outside pressures and encouragements. As a relatively thin strip of readily habitable territory, split up by bays, rivers, lakes and mountains, it took a variety of forms, culturally and economically. And the basic division between English-speaking and French-speaking people proved a persistent difficulty.

Given these divisive factors, the North American Act — a Canadian constitution provided by the British Parliament — was never a very satisfactory form of government although it did see a nation consolidate itself from sea unto the sea and fight two major wars. The problem was that the provinces retained a great deal of local power, but, as provinces, had little impact on the central government. The House of Commons organized itself largely on party lines, while the Senate was a kind of honorary House of Lords, rather than, as in the United States, a representation of the federation.

Now Mr. Trudeau is trying to alter that, while the provinces watch suspiciously. The Maritime Provinces are poor, still largely dependent on fish, timber and Ottawa; Quebec is, above all, French, and its premier seeks its independence; Ontario is rich and industrialized — and plays much the same role in the eyes of the rest of Canada as the East and its establishment did until recently in the United States; the Prairie Provinces raise grain and cattle; Alberta produces oil; while British Columbia, cut off by the Rockies, is about as independently-minded as Quebec.

To reconcile the practical and emotional differences of the provinces, maintaining the rights to which they cling while creating a central government that can function, is far from easy. When Quebec's special demands are taken into account it may prove impossible. But Canada has known a sense of nationhood as well as of differences within recent years; it is aware of the perils of too much fragmentation just as it fears to emulate the drift of the United States toward centralization.

If Canada can accept its new constitution, and make it work, it will have contributed not only to its own national identity, but provided an example for a world that needs, urgently, to combine the values of both the lesser and the greater realities, the desires that separate parts of humankind and the necessities that must bring those parts into cooperation.

Living With Uncertainty

From important domestic quarters and from the Soviet Union, the president's foreign policy drew interestingly consistent challenges over the weekend. Indeed, there was enough symmetry to make you think that, collectively, if not yet individually, people are beginning to get the point of what Mr. Carter is trying to do. He is trying, we think, to convey a very simple message: If the Soviet Union wishes to combine a restrained competition with the pursuit of certain common objectives, then the United States is eager to cooperate in that enterprise, but Moscow cannot expect to run roughshod over U.S. interests in some parts of the world without putting at risk its overall relationship with the United States. That was the gist of his Annapolis speech last week.

easier on all our nerves, if reality were one-dimensional, as it is, for instance, in a war — or in an isolationist turning away from all responsibility for what goes on in the world. But reality, in fact, is ambiguous, uncertain and confusing, and much of the current foreign policy debate fails to take this elemental fact into account. The country is not in a great budding crisis of international policy. It is in confusing circumstances, and will be for years.

Oddly enough, Pravda, in its reaction to Mr. Carter's Annapolis speech, seemed more aware than many U.S. listeners of the ambivalence built into U.S. policy. The speech, Pravda said, had "some positive moments" in its references to the importance of detente and arms control, and some "cold war" passages, in its references to internal Soviet affairs and Soviet support for "national liberation movements." Like some of the administration's domestic critics, who by now ought to know better, the Kremlin chose to attribute the parts it didn't like to the machinations of Zbigniew Brzezinski and other dark precincts — this despite the fact that the speech was written out in longhand and in solitude by the president himself.

More important than Moscow's unsurprising and rather defensive-sounding complaints, however, is its recognition that there are different elements in U.S. foreign policy. From there, optimists are entitled to hope, Moscow can perhaps accept that there are also different elements in its own. Such mutual recognition, we think, is an essential prelude to removing the static quality in the Soviet-U.S. air. The task for both great powers is to live with uncertainty, reducing as they can its risks and costs but understanding that no end to uncertainty is in sight.

THE WASHINGTON POST.

International Opinion

Cynicism and Arms Talks

It is very easy to be cynical about disarmament sessions . . . What can dozens of pious speeches achieve where years of negotiation have largely failed? The world spends something like \$398 billion a year on arms and shows very few signs of mending its ways. Developing countries are at least as wicked as superpowers in this respect, and often more so, for some of them inflict severe deprivation on their people for the sake of acquiring the latest modern weaponry. If the human race is being observed from another planet it must look wholly insane in this area of its activities. Yet to abandon all hope of improvement would be the height of cynicism. It is essential to keep trying, keep talking and keep looking for ways of reducing both the dangers and the costs of the world's armory.

President Carter has needed time to dis-

cover just how difficult it is to put into practice the simple ideals with which most normal people first approach the problem . . . The session in the United States remains worthwhile. It has brought France back into the arena. It has forced everyone to come up with ideas. It puts every participant on stage before a world audience — and in particular it draws attention to the way in which East-West rivalry infects North-South relations. It should help everyone to see better the interaction between different aspects of the problem which are now the subject of separate negotiations. And with luck it will show up some of the hollow propaganda ploys for what they are . . . In recent discussions with the Americans, the Russians showed signs of a more constructive interest than in the past, so there may be hope, but their actions in Africa and elsewhere convey different signals

— From the Times (London).

In the International Edition

Seventy-Five Years Ago

June 14, 1903

WASHINGTON — Andre Cherdame, editor of the Paris publication "Eclair," was arrested in Alexandria yesterday on charges of violating Virginia's "Jim Crow" law. Mr. Cherdame was traveling to Mt. Vernon in the section of a train reserved for black passengers. When the train reached Virginia, the conductor asked him to move but Mr. Cherdame refused, assuming that he was being ridiculed. He was subsequently arrested but charges were later dropped and Mr. Cherdame took the next train to Mt. Vernon.

Fifty Years Ago

June 14, 1928

NEW HAVEN, Conn.—The president of Yale University, Dr. Arthur Hadley, said in an article printed yesterday that U.S. democracy is in danger "not so much from materialism . . . as from misguided idealism." The article, in the Yale Review, cited the urgent need for new ideas in political economy, clear ideas on legal authority and enlightenment on constitutional liberty in response to the many changes brought about by scientific progress.



Countering Soviet Global Aims

By Thomas H. Moorer

WASHINGTON — A general erosion in our commitment to fundamental national-security objectives has been brought about in part by the perception that the competition between the Soviet Union and the United States for dominance in world affairs is over.

While the United States has in recent years backed away from such competition, there is no evidence that the Russians have departed from their plan to attain dominance.

Many see detente as Soviet willingness to retreat, but Moscow openly describes it simply as one more approach to its plan.

Resolve

While the United States seems lacking in resolve, the Soviet Union remains committed to its national strategies, which include the following: avoidance of a major confrontation, or nuclear conflict, with the West until the outcome favors the Soviet Union; development of the capability to win an Atlantic Alliance-Warsaw Pact conflict, and creation of an environment in Third World countries conducive to Soviet orientation and alignment; exploitation of wars of liberation and "anticolonialism" against "capitalist" nations; development of the means to isolate the United States through denying sea lines of communication; creation of an environment of debilitating competition among Western nations, fostering dissension among them.

The Soviet Union underwrites its objectives militarily and politically by doing the following: accelerating its development of intercontinental ballistic missiles and submarine-launched ballistic missiles; maintaining a massive military force in Europe opposing the North Atlantic Treaty Organization; developing naval forces for projection of power and acquisition of base rights in the Indian Ocean, the Mediterranean and the Caribbean; supporting uprisings, most recently in Angola, Afghanistan and the Horn of Africa; deploying a navy capable of threatening our access to sea lines of communication in a crisis; and creating an environment for scarce resources in the West, particularly with Middle East oil.

If we are to counter these Soviet objectives, we must be visibly committed to our own. Objectives critical to our national security must be underwritten with explicit strategies. To underwrite those objectives, our political statements and commitments must be orchestrated with the deployment and posture of our forces.

Strive

We must strive to insure that our situation becomes critical — that each area of concern remains stable. Our emphasis must be on decisive actions to deter events that might lead to a crisis rather than reacting after the situation is out of hand.

In recent years, we have supported the following four national objectives:

We deter an attack by the Russians on our cities by the threat of reprisal attacks against theirs. Military forces in the form of the nuclear triad — submarines, land-based missiles and airplanes — are maintained to underwrite this strategy.

We deter a nuclear attack on our forces by threat of reprisal, and by basing our forces and targeting them against the Soviet nuclear and conventional forces so that the Russians perceive no net advantage in an initial attack.

We deter aggression against NATO by an overall military conventional and nuclear capability to contain such attacks, coupled with a firm commitment that any attack on our allies involves the United States. This objective is underwritten by the deployment of our Army and Air Force units in allied territory, by the presence of our Navy units on the southern and northern flanks of NATO, and by the maintenance of U.S. Navy forces worldwide to protect the sea lanes to Europe.

We maintain a military presence in the Western Pacific to keep Japan and South Korea aligned with us, and to prevent the Russians from coercing the People's Republic of China into an alignment

best served by making substantial concessions to the Russians.

The United States must proceed now to develop a clearly understood and fully supported strategy — both political and military — that underwrites the fifth objective. Admissions and verbal commitments will not suffice. Neither is it appropriate to adopt the attitude that we should wait and see what happens, that the situation is "not critical yet." Both Saudi Arabia and Iran are deeply concerned by the gathering storm and are distressed by our seeming lack of concern and commitment.

In particular, I would urge that we do the following:

Insure that the president is under no constraint that would prevent him from exercising his authority to counter Soviet initiatives promptly and decisively.

• Make arrangements with the governments of Iran and Saudi Arabia for the intermittent deployment of two carrier forces to the Eastern African littoral and Arabian Sea, conducting selected exercises inside the Gulf on a random basis. Since we lack land bases of any kind in that region, the carriers would provide a visible presence and timely manifestation of United States resolve.

• Revitalize the bilateral security agreement of 1959 with Iran and explore the possibility of similar bilateral arrangements with Saudi Arabia.

• Explore with our allies (NATO and Japan) joint guarantees and military pacts that adequately reflect our common responsibility for maintaining stability in the region and for the security of the sea routes to oil-producing nations.

• Exempt Saudi Arabia and Iran from quota restrictions on the transfer of military equipment, explicitly recognizing that they are as important to our national security as the other nations that enjoy this privilege.

• Formally arrange for the periodic conduct of joint United States-allied-Saudi-Iranian exercises involving all branches of the armed services — directed at possible external threats — in the Gulf region.

• Stability in the Persian Gulf is essential to the United States, NATO and Japan. Our security is threatened if any of these three power centers does not remain strong. The Russians are engaging in actions that give a clear message about their aspirations. The Saudis and Iranians are very concerned; they cannot avoid questioning our commitment, our reliability, and the wisdom of maintaining their alignment with the United States.

We must demonstrate our commitment by following an explicit political and military strategy. We must do this now lest we be faced very soon with fatal and unavoidable problems.

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• Make arrangements with

Communists
in Italy See

Vote Loss

ROME, June 13 (UPI) — Italy's powerful Communist Party today analyzed the votes of the recent nationwide referendums and found itself faced with a major defection of rank and file.

Both the Communists and the Christian Democratic Party emerged victorious in the two-day vote, which provided the first test of popular support for their three-month policy of cooperation.

Following the instructions of the majority parties, 76.7 percent of eligible Italians voted against a proposal that would have curbed police powers of preventive arrest and detention. But only 56.3 percent voted to retain the bill that costs \$52.3 million a year for financing political parties.

While the Communists publicly disclaimed themselves on the victories, they were said to be behind the 23.3 percent that voted against the police power law. Political observers believe that a vote would have been even higher if it were not for a public clash caused by the March 16 damping of former Premier Aldo Moro, who was later murdered.

Analysts said that 12.3 percent of those voting against the measure were Communists disenchanted with their party's policy of compromise with the government.

The only losers are the leaders of the Communist Party who sold their ideals and abandoned them in past battles," Radical leader Franco Spadaccia said, referring to the Communists' vote against the police powers law in that it violated grounds that it violated the law against the habens corpus.

Communist leader Enrico Berlinguer said that votes in favor of the law were highest in zones where his party is strongest. But pollsters believe that one of the highest votes against the law came from militant leaders of historic industrial workers in northern Italy.

Canada Charges
Paper Revealed
Double Agent

TORONTO, June 13 (UPI) — In its first case ever brought against a newspaper under Canada's Official Secrets Act, the government has charged that articles printed in the Toronto Sun revealed the identity of a Canadian double agent to Soviet intelligence.

In a hearing into the charges, in which Sun editor Peter Worthington and publisher Douglas Creighton could be sentenced to 14 years in prison if convicted, began yesterday.

Michael Spooner, chief supervisor of the Royal Canadian Mounted Police's security service, said in court that parts of a secret RCMP document outlined in Mr. Worthington's March 7 article exposed the Russians that a Canadian they had recruited as a spy was a double agent.

2 Haitians Rescued
Off Coast of Florida

MET PALM BEACH, Fla., June 13 (UPI) — Fishermen yesterday rescued 12 Haitians from a sinking boat — just hours after a group of 46 had been dropped off safely on shore — and were taken to a Boynton Beach marina for processing by immigration authorities.

Under new U.S. guidelines, Haitians arriving in the United States will be given work permits until their appeals determine whether they are political or economic refugees.

He wrote novels, plays, essays and autobiographies and translated works by Marx and Upton Sinclair.

ENTERTAINMENT AMUSEMENTS

THEATERS - RESTAURANTS - NIGHT CLUBS

STUDIOS CUJAS

LA CHAMBRE VERTE

PARIS

FRANCOIS TRUFFAUT

French - English sub-titles

FETE REVUE ENTRETIEN NOUVELLE

ALCAZAR

CLUB 21 SPECTACLE 23H

designed by Dick PRICE

IN ENGLISH

GAUMONT CHAMPS-ELYSEES (DOLBY STEREO)

HAUTEVILLE - MONTPARNasse PATHÉ

GAUMONT CONVENTION

A Martin Scorsese Film

THE LAST WALK

Johnny Bond

BURBANK, Calif., June 13 (UPI) — Country entertainer Johny Bond, 63, whose early hits "Divorce Me COD," "Smoke! Smoke! Smoke!" and "Tennessee Saturday Night" became country-western standards, died yesterday.

Harold Wright

NEW YORK, June 13 (AP) — The Rev. Harold Wright, 48, the first black bishop in the Episcopal Diocese of New York, died Sunday, apparently of a heart attack.

Austin T. Cushman

CHICAGO, June 13 (UPI) — Austin T. (Joe) Cushman, 76, former chairman and chief executive officer of Sears, Roebuck & Co., died yesterday in Pasadena, Calif.

Relief Operations Beginning
In Northern Japan Quake Area

TOKYO, June 13 (AP) — Eight thousand troops and policemen carried on relief operations today along Japan's northeast coast where an earthquake killed 21 persons yesterday and injured nearly 500.

The quake destroyed several hundred houses, most of them in Sendai, and nearly 2,000 persons were homeless, the police said. It hit yesterday afternoon, and registered 7.5 on the Richter scale. Supermarkets and grocery stores in Sendai were jammed by residents buying instant and ready-cooked food because gas was cut off to most of the area. Eight thousand homes were without water, but some other utility services were restored today. All schools were closed.

Trains, buses and auto traffic remained paralyzed in the quake. National highways in Miyagi Prefecture were closed at 15 places, rail lines were wrecked in 38 places and 21 bridges were destroyed or damaged. Five power plants on the Miyagi coast were damaged and shut. The quake caused more than 140 landslides and three fires.

Obituaries

Kuo Mo-jo, 86, Novelist,
Poet, a Friend of Mao

TOKYO, June 13 (AP) — Kuo Mo-jo, 86, China's leading cultural figure and a friend of the late Mao Tse-tung, died yesterday, Japanese newspapers reported today.

The poet, novelist, translator, essayist, dramatist and propagandist was president of the Academy of Sciences, chairman of the China Federation of Literary and Art Workers, and China's chief spokesman during the peace movement of the 1940s and 1950s.

There was no official confirmation from Peking, which generally waits several days before disclosing the death of one of its leaders.

News of his death brought expressions of regret from Japan's Premier Takeo Fukuda and leaders of other political parties. Honorary president of the China-Japan Friendship Association, Mr. Kuo spent 20 years in Japan, where he met and married Tomiko Sato, a nurse, and turned out some of his best literary work.

Deep Influence

He wrote novels, plays, essays and autobiographies and translated works by Marx and Upton Sinclair.

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JUNE 14, 1978

Movies in Paris

Hitler's Career in Seven Long Hours

By Thomas Quinn Curtis

PARIS, June 13 (IHT) — Hans Jürgen Syberberg's "Hitler, A Film of Germany," lasts in its entirety for seven hours. Due to its unwieldy shape, it is being shown in four separate sections at the Studio des Ursulines. It was financed at a million deutsche marks by the BBC, the French Institut National de l'Audiovisuel and two German companies and the result is less a motion picture than it is a misguided television serial.

The program informs us that it is not "porno, nor a documentary, nor a divertissement, nor a horror movie, nor a social critique, but a voyage into the heart of the night, an infernal voyage to a lost paradise, into our most profound 'I.'" This highfalutin statement is no explanation; it is just a dodge. What has been delivered is a grotesque, interminable nonesense. Was this expensive trip really necessary?

Hitler's career has been illustrated by newsreel footage ad nauseum. Lingering over it with roving camera for seven hours is excessive and not a little unhealthy. It is also disputable that the seeds of Hitler's evil in everyone — as is vaguely implied. Very few of us are resentful, rejected painters serving in the ranks of the German Army during World War I, nor did many of us want to knavish braggadocio in the period that followed.

While it is true that Hitler parroted the ideas of others, insanely distorting them, as a personality he was a unique monstrosity and the attempt to generalize about him meets defeat. He is a case for psychologists rather than for movie directors and Syberberg's quasiposterior trait is murky in its macabre stylization and roundabout approach, with Hitler and his Nazi beneficiaries as cardboard cutouts and band puppets with off-screen voices babbling their notorious imbecilities.

Old age is a subject that is avoided, being a chilling reminder of human destiny, and discussions of it are held to be in bad taste. Only in the Orient does the senior generation receive respect. Elsewhere, growing old is regarded as rather ridiculous and shameful and it is deemed wise for everyone to lie about their age like ham actors.

Mack Sennett did, of course,

have his squad of grotesques: Fairy Arbuckle and the equally obese Hughie Mack; the walrus-mouthed Chester Conklin and the wispy Lucien Littlefield, who equally impersonated small-town mayors or the victim of fraudulent oil-stock salesmen. And there was the cross-eyed Ben Turp. But one

was not tempted to avert one's gaze.

The "comedy" in question was manufactured in England three years ago before Marty Feldman's bulging eyes.

Shelley Berman was im-

ported to enact a brash American star-director, Li concerns an idealism of a television advertising firm whose function is to popularize a brand of porridge. The innocent nursery star Iailing, he seeks to promote the product by means of sex while his wife is serving on a censorship committee and is in danger of being seduced by a hypocritical clergyman. To augment the refraction of the proceedings, there is a theme song, "Think Dirty." Shelley Berman was im-

portant status as a Hollywood

star, he and be and Feldman appear to be intent on topping one another in being depressingly unfunny.

With the arrival of this export of the London studios comes the news that the British censor has banned Louis Malle's film, "Pretty Baby" (already proscribed in sections of Canada). According to Malle's report, the censor fears that "Pretty Baby" incites to the molesting of minors.

Appetite for Postcards
Grows in U.S., Europe

By Rita Reif

NEW YORK (NYT) — They came from France, Belgium, Britain, Canada and throughout the United States. And they were having a wonderful time — or so it seemed. Indeed, virtually all the postcard collectors and dealers interviewed at the First International Postcard Bourse held at a New York hotel were enthusiastically doing their thing — deftly fingering through thousands of cards in shoeboxes and albums to find the ones that would enhance their collections.

And some of them did succeed. According to Leah Schnall, the show's producer, many of the 1,500 who attended the three-day event left smiling and with stacks of cards. One dealer who flew in from Paris racked up \$12,000 in sales. "That's a lot of postcards," commented a collector. "After all, most sell for well under \$100 each."

The appetite for picture postcards has increased at a phenomenal rate in recent years, reported Andrew Brown, owner of the Gotham Book Mart and Gallery, where he is now showing (through June 30) part of his own formidable collection. Mr. Brown said he became "hooked" at the beginning of the postcard-collecting boom four years ago and ever since, has not been able to stop shopping for the miniature images that strike his fancy. He now owns more than 20,000 and as the exhibition shows, the collection, although wide-ranging, is strongest in surrealism and fantasy.

The interest in postcards may even be more impressive in Europe, judging by the recent proliferation of galleries and shops in Paris and London. Jacques Fivel, a French



New staging of Janacek's rarely performed "Osud" was offered by Ceske Budejovice theater.

A Survey of Janacek at Prague Festival

By David Stevens

PRAGUE, June 13 (IHT) — The commemoration of the death half a century ago of Leos Janacek was the keynote of this year's Prague Spring Festival, with a wide-ranging survey of his music that included two operas that are real rarities, even in his native Czechoslovakia.

"Sarka," the first, and "Osud," the fourth of Janacek's nine operas, have never achieved anything close to respiratory status, nor are they likely to. Yet they have their place in the commemorative year, helping to trace the development of this highly original musical dramatist, and — in worthy productions by Czech provincial companies — they proved to be rewarding works on their own.

"Sarka" was written in 1887 when the composer was 34, and repeatedly revised until it finally was staged in Janacek's home opera house in Brno. It has Janacek drawing for the only time on Czech mythology for his libretto, and it reveals him as very much the inheritor of Smetana's harmonic language and rhapsodic lyricism. Yet, it is colored by ample hints of the more compact and hard-edged musical speech to come.

The work's three scenes last little more than an hour and it has only four solo parts, the title one being that of a kind of warrior-priest who is one of the central figures in the myths of Czech prehistory. In the production from Ostrava, this was sung by Eva Kindrava with the right blend of femininity and heroism.

The staging by Ila Hylas, workmanlike rather than poetic, was sped along by the unit revolving set of Otakar Schindler.

Undramatic Libretto

"Osud" (the word means "fate") is a stranger case. Written from 1903 to 1906, it comes immediately after "Jenufa" — Janacek's first opera in his mature and distinctive style, and still his most popular — and after the death of his beloved

MUSIC

daughter. It is lumbered by a libretto, largely Janacek's own work, that is full of the undramatic messiness of real life rather than the orderliness of good dramaturgy. While few of Janacek's texts would satisfy an orthodox dramaturg, this one kept "Osud" off the stage in the composer's lifetime.

It did not reach the stage until 1958, in almost simultaneous productions in Brno, in a restaged version, and in Stuttgart, in the original version also followed in this new staging by the theater in Ceske Budejovice.

"Sarka" was written in 1887 when the composer was 34, and repeatedly revised until it finally was staged in Janacek's home opera house in Brno. It has Janacek drawing for the only time on Czech mythology for his libretto, and it reveals him as very much the inheritor of Smetana's harmonic language and rhapsodic lyricism. Yet, it is colored by ample hints of the more compact and hard-edged musical speech to come.

The story's three scenes last little more than an hour and it has only four solo parts, the title one being that of a kind of warrior-priest who is one of the central figures in the myths of Czech prehistory. In the production from Ostrava, this was sung by Eva Kindrava with the right blend of femininity and heroism.

The staging by Ila Hylas, workmanlike rather than poetic, was sped along by the unit revolving set of Otakar Schindler.

Undramatic Libretto

"Osud" (the word means "fate") is a stranger case. Written from 1903 to 1906, it comes immediately after "Jenufa" — Janacek's first opera in his mature and distinctive style, and still his most popular — and after the death of his beloved

resemblance to Janacek himself, in Milosav Nejkval's staging. Oldrich Simacek's sets and projections wavered uneasily between realism and murky symbolism. The Ceske Budejovice orchestra had its rough moments, but played with spirit under Karel Nosek, and the youthful cast sang and acted with as much conviction as could be asked for.

Another aspect of Janacek, the Moravian folklorist, was presented by the Ostrava troupe on the double bill with "Sarka." This was "Rakos Rakoczy," a set of orchestral dances some with chorus and solo voice, that had its first performance in 1891 in Prague — almost a quarter-century before the capital discovered the dramatist of "Jenufa."

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The role of the composer was sung by Josef Hajos in a clarion tenor that suggested he may be one of the rare Czech singers to achieve more than a local career. He also bore an apparently unintentional

Choral Tenor

Even if the music never quite gets this load of improbabilities off the ground, it is consistently interesting and bears all the earmarks of Janacek's fully developed musical speech. The opening act is a kind of conversation piece with a dance-like substructure that captures the picture of a turn-of-the-century spa, while the third act evokes the austere, music-conservatory atmosphere before ending in the long, delirious lyrical flight by the dying composer as he wavers between fantasy and



A scene from "Hitler, A Film of Germany."

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Renault Sets Miller Reaffirms Bid For a Stable Dollar

French to Double Current Production

PARIS. June 13 (Reuters) — Renault said today it signed a contract worth over 4 billion francs (nearly \$1 billion) under which it will double capacity at its Pitești plant in Romania from the current annual level of 75,000 cars.

The plant currently makes the R-12 model and the new R-18 model will be built at the plant. But in 1990, 90,000 of the R-18s will be assembled there and output of the R-12 will be cut to 60,000 units.

Another Romanian factory will manufacture pick-up trucks derived from the R-18. Output will ultimately total 35,000 a year.

Some parts for the pick-ups, notably the motors, will be supplied from France, Renault said, and Romania will increase its imports of Renault parts for its own manufacture of small industrial vehicles.

Renault will handle the marketing of the R-12s, known as Dacia 1300 for the Romanian-produced models, and the pick-ups on export markets. The contract also covers the supply of capital goods by Renault for the building of a new plant at Pitești, Renault said.

A company spokesman said Romania will develop components, notably gearboxes and front and rear axle assemblies for small goods vehicles built by Renault in France.

Brazil Drought Seen Hurting Crop Export

WASHINGTON. June 13 (AP-DJ) — The worst drought in Brazil's history could cause a \$1.5-billion drop in agricultural export earnings, reducing the level this year to about \$6.5 billion, according to a U.S. Agriculture Department report.

Soybean production is expected to fall to 10 million tons, corn to 14.3 million tons, rice to about 7.5 million tons and cotton to 290,000 tons.

Coffee, sugar, peanuts, tobacco, citrus and beef, however, are not expected to be affected.

Greek Aide to Moscow

ATHENS. June 13 (AP) — Foreign Minister George Rallis will make an official visit to Moscow in September, the Greek government said today.

ZURICH, June 13 (UPI) — Federal Reserve Board chairman William Miller reaffirmed today Washington's commitment to a sound and stable dollar.

Addressing more than 600 U.S. and Swiss bankers and businessmen, he said the United States is aware that a weak dollar will fuel inflation and unemployment.

"I want to make it clear there is a deep commitment to the dollar," he stressed at a luncheon organized by the Swiss-American Chamber of Commerce. "We have a responsibility to maintain stability. We also have a tremendous self-interest in a sound dollar. There should be no doubt that it is our determination to have a sound and stable dollar."

At the same time, however, Mr. Miller, in his speech, made it clear that Washington has no plans for massive intervention on exchange markets to support the dollar. He said the United States is "marshalling resources" to stop speculation but is not committed to defend a particular rate for the dollar.

The policy is to intervene when necessary to ensure orderly coordination on currency markets with this being a "bridging action" until the United States demonstrates that it is changing fundamental problems — inflation, unemployment and the payments deficit. These are interrelated and cannot be solved independently, he said.

"There is a way we can have a declining dollar without feeding the forces that bring on inflation and, as a consequence, bigger unemployment," he said.

The dollar's latest decline, he said, will add 0.75 percent to the U.S. inflation rate this year.

Criticism Mounting

BASEL, June 13 (AP-DJ) — criticism of the international currency float is sharpening among European central bankers as they become cautiously hopeful that governments might do something about it.

W. German Savings Off

BONN, June 13 (AP-DJ) — Money placed in West German savings banks fell 451 million Deutsche marks in the first four months of 1978, the first decline since 1969.

Helmut Geiger, president of the Savings Banks' Association, said today. The decline in the first four months compared to an increase of 375 million DM in the year-ago period.

"Floating hasn't worked in the way the proponents wanted," scoffed one senior official at the annual meeting of the Bank for International Settlements (BIS), where tentative proposals for restoring more stability are under intensive discussion.

The chief concern is that the rapid swings in foreign-exchange rates during the past year "may have added a new depressive influence to those already at work in the world economy," Jelle Zijlstra, the Netherlands central bank chief and BIS president, said. Such swings as the rise and fall of about 13 percent each in the Swiss franc against the dollar so far this year must have "a negative influence on business decisions," he contended.

Officials have drafted four possible approaches to reduce currency rate changes within Western Europe. The immediate aim is to allow France, and perhaps Britain and Italy, gradually to rejoin the so-called European currency "snake" under which Holland, Belgium, Norway and Denmark link their currencies to the buoyant Deutsche mark.

Although the breakdown of the old fixed-rate system in early 1973 was originally intended to leave currency rates to be ended last January, the BIS annual report said, "intervention" dealings by major central banks rose to \$101 billion from \$73 billion in the previous period and from \$40 billion two years before.

"There is a way we can have a declining dollar without feeding the forces that bring on inflation and, as a consequence, bigger unemployment," he said.

The dollar's latest decline, he said, will add 0.75 percent to the U.S. inflation rate this year.

TOKYO. June 13 (Reuters) — The dollar sank briefly to 216.70 yen in hectic trading on the Tokyo market today — its lowest price ever — and many dealers said they expected it to fall even lower.

The previous low was 218 yen set last April. The latest fall against the yen began earlier this month and was triggered mainly by continuing signs of a huge Japanese trade surplus with the United States.

The Bank of Japan did not intervene today. Tokyo dealers reported, but the dollar climbed slightly in later trading to close at 217.35.

Meanwhile, Mitsubishi Research Institute predicted today Japan's visible trade surplus will rise to \$22.27 billion in fiscal 1978 and \$25.26 billion in fiscal 1979 compared to an actual \$20.42 billion in fiscal 1977, which ended last March. The current-account surplus will be little changed from the \$14.03 billion in fiscal 1977 but will rise to \$15.68 billion in fiscal 1979, it forecast.

Mitsubishi predicted Japan's real economic growth in fiscal 1978 will be 5.2 percent against the government target of 7 percent, although it may rise to 6 percent by a supplementary budget. The institute assumed an exchange rate averaging 223 yen to the dollar in fiscal 1978 and 219 yen in fiscal 1979.

In related news, Toyota Motor said car exports in May rose 4.1 percent to 131,883 units from 126,682 in April and were up 7.9 percent from May last year. Nissan Motor, which exports Datsun cars, said exports last month increased 9.6 percent of 107,841 vehicles from the previous month and showed a 19.5-percent rise from a year earlier.

FINANCIAL NEWS AND NOTES

Tenneco Revises Bid for U.K. Firm

Directors of Tenneco, the Houston-based conglomerate and Albright & Wilson Ltd., the British chemical giant, have reached agreement on revised terms — increasing the offering price — of Tenneco's proposal to acquire full ownership of U.K. concern Tenecon. Tenneco acquired 49.8 percent of Albright & Wilson in 1974. Under the revised offer, Tenneco would acquire for 195 pence per share (nearly \$215 million) of all the company's 59 million outstanding shares it currently does not own. An earlier Tenneco offer of 165 pence per share was rejected by Albright & Wilson.

Tyco Abandons Cutler-Hammer Bid

Tyco Laboratories has ended its attempt to acquire Cutler-Hammer but the battle for control of the Milwaukee-based electronic equipment manufacturer continues to rage. Eaton Corp., which paid \$115.8 million Monday for the 2.1-million-Cutler-Hammer shares owned by Tyco, says it will try to gain a majority interest in the electronics firm. If successful,

Eaton says it would sell to Tyco all of Cutler-Hammer's holdings in Leeds & Northrup, which makes measuring and control devices. Meanwhile, Cutler-Hammer announced that it had itself acquired another electronics manufacturer — Davis & Wilder Inc. — for which it agreed to turn over a minimum of 25,000 of its own shares.

Victor to Supply Thorn With VTRs

Victor Co. of Japan has signed a contract with Thorn Consumer Electronics of London to provide home color video tape recorders (VTR) for sales in Britain. Victor also has agreed to cooperate in providing Thorn, Britain's largest electronic appliance maker, with technology if it decides to produce VTRs, a Victor official says. U.S. sales will begin this month, Victor says it plans to increase its production to about 37,000 units a month by the end of the year from the current output of 22,000 units to cope with increasing domestic and foreign demand. By next March, Victor's output is targeted at 47,000 units. Victor already has agreements with two West German and one French concern to provide VTRs.

Energy Report to Trilateral Commission

By Hobart Rowen

WASHINGTON. June 13 (WP)

— Contrary to many earlier forecasts, world oil supplies will be adequate to meet demand "for the next several years and possibly into the early 1990s," according to a detailed report on energy to the Trilateral Commission, released today.

But this easing of supply, keeping world oil prices below the cost of producing substitutes, was

viewed as a grave threat to longer run needs — and damaging to public understanding of the real problem.

Among other things, low prices and easy availability of gasoline discourages conservation, the report said.

The principal author of the report is John Sawhill, president of New York University, and former federal energy administrator. He was assisted by Keishi Oshima, professor of nuclear engineering at

the University of Tokyo, and Hans Maul, European secretary of the Trilateral Commission.

They called for a strategy of raising what they called artificially low prices in Europe, Canada, Japan, and the United States. In addition, they suggested a trilateral energy "summit" which among other things would develop a higher pricing policy.

The Trilateral Commission, which has been meeting here since Sunday, is composed of 200 influential private sector leaders from Europe, Japan, and North America who consult regularly and confidentially with government officials on international problems.

The energy report says that additional flows from the North Slope (Alaska), the North Sea, and Mexico will keep supplies in rough balance with a demand growth of 2.3 percent a year for at least the next five to 10 years. Prices, in the absence of a sharp cutback by Saudi Arabia or other major producers, would be stable or slightly higher.

But sometime in the early 1990s, the report suggests, almost all OPEC producers will be cranking out oil at about peak, the non-OPEC production will begin to top out, and "the world will have to look to the Saudis to provide any incremental supplies needed."

Since "the critical variable" affecting prices will be the Saudi willingness to expand production, the authors urge that the United States maintain its "special relationship" with that key producer.

One main theme of the report is that governments have not only failed to come to grips with the energy problem, but have not shown they understand its magnitude or severity. In the short-term — for the next five years — the risk relates to a potential disruption of supplies through war or terrorism.

In the medium-term — in the following five years — there will also be the potential for financial crisis, initially among some of the poorer countries that might not be able to borrow enough money to pay for their oil. But worries extend also to the United States, with a chronic trade deficit and dollar problem.

For the long run, beginning in another 10 years, the major threat seen is a precipitate rise in oil prices as world production levels, exacerbating the financial problems of the medium-term period.

The danger in the longer term is not that of a price increase per se,

the authors say, "but that a large increase could occur in such a short time period that the world economies would be unable to adjust, and recession or even depression could ensue."

To avoid such an abrupt rise in prices, the authors put forward the strategy of "conservatively boosting supplies now, so as to discourage consumption and to encourage alternative supplies from liquefied and gaseous coal, oil from shale, etc."

They attribute the more optimistic supply picture of the moment to higher forecasts of oil yields from Mexico and other new areas under development, but also to a slowdown in the rate of growth of energy demand.

Dollar Up in Europe

LONDON. June 13 (AP-DJ) — Bolstered by a statement by Federal Reserve chairman William Miller that Washington is deeply committed to maintaining a sound and stable dollar, it managed to gain ground against most other major currencies today.

Against the Deutsche mark, the dollar edged up 25 points to 2,0830 DM. Some traders noted resistance at the 2,08-DM level, hinting that central bankers could have been intervening. The dollar firms 65 points against the Swiss franc at 1,8945 francs. In French franc dealings, the dollar was unchanged at 4,5875 francs. Sterling meanwhile, lost 43 points at \$1,8340 in spite of continued foreign purchases of British government bonds.

French Growth Put At 3.7% Through '83

PARIS. June 13 (AP-DJ) — France is expected to experience moderate growth, persistent inflationary tensions and a difficult employment situation through 1983, according to the statistical institute.

Based on a likely annual average growth rate of 3.2 percent for industrialized nations as a whole between 1976-1983, France's gross domestic product is expected to grow at an average annual rate of 3.7 percent during this period. According to latest government projections, however, growth this year is likely to be 3.2 percent, rising to 3.7 percent in 1979.

French consumer prices should rise at an annual rate of 8 percent, compared with 6.6 percent for its major trading partners, the report said.

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A Special Report



INTERNATIONAL
Herald Tribune

Published with The New York Times and The Washington Post

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TAIWAN—1978

A Second Chiang Establishes His Reputation

By Donald H. Shapiro

TAIPEI (HT)—The watchword of Taiwan's government leaders on economic policy is "growth with stability." More conservative on fiscal and monetary matters than their counterparts in most other developing countries, they pay at least as much attention to checking inflation as to stimulating economic growth.

Annually the government runs a budget surplus; and interest rates, set by the central bank, are kept relatively high (although they have been lowered substantially since 1974 to relieve a serious credit squeeze on business).

Throughout the recession the government resisted pressure from industry for Taiwan to follow South Korea's example in promoting exports through a currency devaluation. The authorities focused instead on the possible consequences in driving up price levels.

The concern for price stability no doubt stems in part from memories of the hyperinflation of the 1940s that contributed to the weakening of Nationalist control of the mainland.

Wholesale Prices

It also reflects the low unemployment rate, currently about 2.6 percent, which obviates the need to heat up the economy to create more jobs. Taiwan's efforts regarding manpower, in fact, are aimed at preventing other shortages in the labor force, for example by promoting semi-automation.

For the past two years the rise in wholesale prices was held to only 2.8 percent annually, and the goal for 1978 is to keep the figure below 5.4 percent.

Economic growth rates, while no longer in the 10-13 percent range that Taiwan grew accustomed to before the oil crisis, are still impressive. Last year's real growth in GNP came to 8.1 percent, slightly lower than expected due to the effects of two crippling typhoons. This year's initial target of 8.8 percent may have to be raised because of the strong export performance in the first quarter.

Wages

The GNP reached \$19.5 billion at current prices in 1977, and per capita income passed the \$1,000 mark by \$80.

Wages have risen steeply during the past few years—the average factory wage of \$145 a month is more than double what it was in 1973—but lately have been leveling off.

With improved living standards, such appliances as washing machines and air conditioners are now being added to the television sets, refrigerators and electric rice cookers that have long been common in Taiwan households.

The island's two auto manufacturers plan expansions to meet the 15-percent annual increase in demand as more and more consumers decide to move up from motorcycles.

Taiwan has accumulated substantial foreign exchange reserves of \$5 billion, equivalent to more than five months' imports, which has begun to ease the financing of crude oil and other major commodities from abroad.

With its moderate inflation, low debt service ratio and prudent economic management, Taiwan has become a preferred borrower in the eyes of many foreign bankers.

Terms are generally more favorable than those offered to other developing nations.

U.S. Banks

U.S. banks are the most active and account for 8 of the 12 foreign banks with branches in Taipei. Taiwan is also a steady customer of the U.S. Export-Import Bank, which has loans and guarantees here in excess of \$1.5 billion.

European merchant banks have gradually been showing more interest in Taiwan and in the past several years have extended some large loans to state enterprises and big private corporations.

Taiwan had little difficulty raising from both internal and external

This Section

This special report was prepared and written by Donald H. Shapiro with Michael Boydell.

The New Taiwan Dollar has a value of 38.5 to the dollar.

sources the nearly \$7 billion required for an enormous infrastructure development program launched in 1972 and due to be completed next year.

Dubbed "the Ten Big Projects," the program was designed to remove transportation bottlenecks hampering the economy as well as establish basic heavy industries and introduce nuclear power plants to diversify energy sources.

Steel Mill

The transportation projects include two new harbors, a superhighway running the length of the island, a rail connection to the isolated east coast, electrification of the main trunk railway, and a new international airport for Taipei.

The industrial projects, all of them already in operation, involve Taiwan's first integrated steel mill, a petrochemical complex, and a shipyard boasting the world's second longest drydock.

The first nuclear power plant began commercial generation last month. By the mid-1980s there will be six plants with enough generating capacity to meet more than half the island's requirement.

—D.H.S.

Struggle

The Taiwanese dismiss the "Japanese formula"—continued economic relations without formal diplomatic connections—as irrelevant to the United States since the Japanese had no role in Taiwan's military security.

Officials vow that Taiwan will adhere to its anti-Communist principles and struggle on alone if nec-

necessary. "We are not Vietnam," says a senior ambassador. "We will not collapse. We will not run away."

There appear to be few persons in Taiwan, even favorite ones, who seek reconciliation with China. Negotiation is equated with surrender, and the Communist arch-enemy would not be trusted to live up to any bargains struck.

Neither are the Soviets consid-

ered reliable. The idea of allying with Moscow, should the United

States foresake Taiwan, is sometimes thrown out in casual conversation but is not taken very seriously.

Taiwan is also unlikely to take up its other main theoretical option—redefining itself as a government of Taiwan rather than China in hopes of eliciting more international support. Such a separatist move might only provoke Peking into greater militancy. It would also re-

move the rationale for the existing

political structure, in which the "mainlanders" who retreated here in 1949 still play a dominant role.

So far Taiwan has not really felt isolated from the world, even though it exchanges ambassadors with only 23 countries, of whom only the United States and Saudi Arabia could be called major forces in world politics.

Travelers from Taiwan may have to wait longer for visas but can still

cluding two that have recognized Peking.

Domestically, Chiang Ching-kuo has won wide popularity as a national leader. In contrast to his father, the charismatic but rather austere Chiang Kai-shek, the younger Chiang has established a reputation as a man of the people. His political trademark is his weekend shirt-sleeved trips to the countryside to shake hands and chat with farmers and fishermen and learn about local problems.

Since becoming premier in 1972, shortly after Taiwan's expulsion from the United Nations, Chiang Ching-kuo has been engaged in a delicate balancing act—trying to appease restive intellectuals by gradually liberalizing the political system but without going so far as to threaten the continued hold of power of the ruling Nationalist Party (Kuomintang).

Marital law has been in force since 1949 but serves chiefly to give the government reserve emergency powers. The main practical effect is to permit military courts to try civilians in cases involving sedition or violation of public order.

The general atmosphere in Taiwan is not that of a police state, and many critics of the government concede that there has been much progress over the past two decades in creating a more open political process.

Sharp Gains

Last November, for example, independents challenging Kuomintang candidates for local and provincial posts achieved sharp gains in what was considered the fairest election ever held here.

The 21 independents (up from eight in the previous session) in the 77-member provincial assembly now constitute a political party in all but name. They caucus together and have hired several graduate students to serve as a common staff.

But the independents are not yet ready to risk provoking the government by organizing a formal opposition party. They are acutely conscious of the history of the last such attempt, in 1960, when the incipient China Democratic Party was squashed when its chairman was jailed.

"Neither the independents nor the authorities want to see Taiwan become unstable," said Kang Ning-hsiang, a national legislator who is one of the opposition leaders. "Since only the Communists would gain from that, both sides wish to avoid a sharp confrontation."

"Our aim is to prod the government into promoting more democratic reforms, such as broader elections and less press censorship," Mr. Kang said. "And we hope the government will grow self-confident enough to accept us as a loyal opposition."

Whatever Happened to Quemoy and Matsu?

TAIPEI (HT)—The artillery

rounds that fly back and forth between the heavily fortified

Nationalist-held offshore islands of

Quemoy and Matsu and the China

mainland are fired only on odd-

numbered days, with time off for

holidays. And the shells are filled

not with explosives but with propa-

ganda leaflets (although a direct hit

can still be lethal—four deaths re-

cent last year).

If the confrontation between

the Communists and the National-

ists at their closest point of encoun-

ter is not the hottest of wars, it is still of great symbolic import to both sides.

Quemoy, just a few miles from

the port of Amoy, and Matsu op-

posite Foochow harbor some 100

miles to the north, are historically

and geographically part of China's

Fukien province. That Nationalist

fortress is a mainland province

discourages thoughts of Taiwan

civilians alive, at least in rhetoric.

The Nationalist government still

speaks constantly of "recovering

the mainland" from the "Commu-

nist bandits" while Peking talks of

"completing the revolution" by "lib-"

erating Taiwan."

For the present, however, neither

side possesses the military might to

achieve its goal. Despite the mili-

tary slogan, Taiwan's forces re-

main totally on a defensive foot-

ing.

China, though rapidly build-

ing up its navy, still lacks the amphi-

batic capability needed for a suc-

cessful attack across the 100-mile

Taiwan Strait. Its air force, despite

a vast numerical advantage, is con-

sidered by U.S. experts to be infer-

ior to the Nationalists' in terms of

quality of aircraft and pilot train-

ing.

The Communists would have to

pay a tremendous price if they tried

to invade," maintains a senior U.S.

officer here. "But eventually, by sheer attrition, they could wear the Taiwan forces down unless the United States came in to help under the mutual defense treaty."

The U.S. military presence in

Taiwan is down to 1,100 men, none

of them combat troops; from a peak of 10,000 during the Vietnam War.

Military aid from the United States was phased out several years ago, and loans to finance Taiwan's purchases of military equipment—\$35 million's worth in the fiscal year now ending—are being steadily reduced.

A coproduction program with Northrop Corp., however, is helping to strengthen the Nationalist air force by turning out more than 200 F-5E jet fighters in Taiwan.

—D.H.S.

New Premier Discusses the Prospects for Economic Growth

Sometimes

determination

can work

miracles.

—Y. S. Sun

instance, industry can now charge all R and D costs to operating expenses, and we listed import duties on R and D equipment.

The central bank is providing loans to industries for the purpose of buying know-how from outside. We also are making available venture capital to assist investors to establish a plant here, especially overseas Chinese scholars and engineers who want to bring their know-how.

Another area where we should perhaps put more effort is manage-

ment training for middle managers and training of more skilled workers. There will be an increasing need for such people as we move toward more sophisticated industries.

Q — What are the major steps being taken in that direction?

A — First, the government is trying to assist the private sector to transfer new technology and know-how from the outside. We provided more incentives in our revised Statute for Encouragement of Investment for R and D activities. For

Q — Much of the recent investment in heavier industry and major new projects has been by state enterprises. What do you see as their role in the economy?

A — In the area of foreign trade, one of Taiwan's big concerns has been the protectionist trend. Do you feel that this is waning now?

Q — We do see any significant changes yet. The trend is still for domestic industries in the advanced countries to demand more

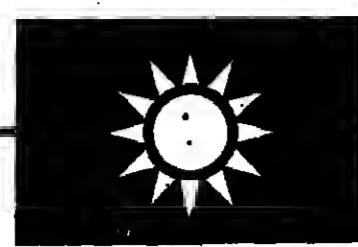
protection. Of course, the outcome will depend to a large degree on the policy of the United States. So far, Mr. Carter has been standing firm against more protectionism, and that is very encouraging to all the developing countries. And what the United States does will affect the protectionist measures.

Q — Do you think in the future it will be necessary for the state enterprises to play such a strong role?

A — We cannot compete with the new developing countries with plentiful labor in primary industrial products such as textiles and plywood. Other countries can make these things, and the newcomers usually have lower labor wages. They are where we were 15 years ago. We must face this situation. We must move up, upgrade in a continuous push.

Q — In general, despite the diplomatic setbacks of recent years, the economy has continued to prosper, to the surprise of many people in other countries. How do you account for this?

A — The political situation does not cause difficulties, but you must not get discouraged because of this and do less. On the contrary, we've been working harder so as to overcome these hardships. It's a spirit of survival. Sometimes determination can work miracles.



State Enhancing Climate for Foreign, Domestic Investment

TAIPEI (IHT) — For the past year, the government here has been working to improve the investment climate for local and foreign companies in order to attract industries in the more technology and capital-intensive sectors — industries needed for Taiwan's next stage of development.

Last summer the legislature enacted a revised Statute for Encouragement of Investment to provide increased incentives for advanced industries. The major change was the adoption of a grace period extending the previous five-year tax holiday to nine years for large projects with relatively slow return on investment.

The Cabinet also ordered a streamlining of procedures by agencies responsible for screening investment applications, registering purchases of industrial land, licens-

ing factories and other matters affecting investors. The agency's progress in reducing red tape is being closely monitored.

For domestic investors, the government has been taking steps to make development capital more easily available. It has expanded its industrial development fund and this summer is converting the state-run Bank of Communications into a development bank to specialize in medium and long-term lending.

For several years after the world recession struck, new investment from both domestic and external sources was sluggish due to market uncertainties and financial constraints. But the rate of investment began to pick up sharply toward the end of 1977.

A strong last quarter brought foreign (including overseas Chinese) investment approvals last

year to \$164 million, an amount exceeded only in 1973 and 1974. The influx has continued in the first part of this year.

Total foreign investments to date amount to \$1.7 billion, with U.S. companies accounting for nearly a third, overseas Chinese for a similar amount, and Japanese for about one-sixth.

Government officials note that domestic businessmen put up some 95 percent of all investment in the economy. "We rely on foreign investors less for the capital than for the technical know-how and managerial expertise they introduce," explained K. T. Li, minister without portfolio.

Electronics

A full third of foreign investment is in the electronics and electrical appliance industry. Among the major multinationals in this field with sizable operations here are RCA, Zenith, Admiral, Philips, Sylvania, Texas Instruments, General Telephone & Electronics, ITT, General Instrument, Corning Glass (making television picture tubes), Matsushita and Sanyo.

Originally many of these corporations were attracted to Taiwan by the relatively cheap labor, which they used mainly for the assembly of imported parts. But as wages have risen and skills improved in recent years, they have introduced the manufacture of larger amounts — and more sophisticated types — of components into the Taiwan operation.

The largest single foreign investor in Taiwan is the Netherlands' Philips, which this spring opened its fifth plant, a \$50 million facility that has given the country its first domestic production of color TV picture tubes.

A comparative newcomer is Grundig of West Germany, which last year chose Taiwan as the site of its first venture in Asia, a \$10 million investment to produce television receivers. Company spokesmen said they found Taiwan attractive because of the wide availability of electronic parts and components here.

In the past few years the rapidly developing petrochemical industry has been the major source of new overseas investment, usually in the form of joint ventures. Already in operation are plants partially

owned by Hercules (polypropylene), B.F. Goodrich (synthetic rubber), Gulf (polyvinyl chloride), and National Distillers (polyethylene).

They will be joined soon by factories invested in by Union Carbide (ethylene glycol) and Amoco Chemicals (PTA). Gulf is involved in an additional project in polyethylene.

Another large investor is the Ford Motor Co., whose joint venture produces European-designed sedans for the domestic market and engines for export. For an expansion project that should more than double output, Ford will add nearly \$40 million to its current \$36 million investment by 1981.

Enthusiasm

Most foreign investors express enthusiasm about the business climate, citing in particular the hard-working, well-educated labor force.

They also appreciate the accessibility of top officials. "This is one of the few countries in the world where an American businessman

can have a sympathetic hearing at the Cabinet level of government when the problem involves warrants that kind of attention," Everett A. Carter, chairman of Oak Industries Inc., told a conference of U.S. businessmen in Taipei in April.

The chief criticism tends to be the slow working of the bureaucracy at the lower levels. The government's Industrial Development and Investment Center assists foreign companies before, during and after the investment application process.

"Our first task is to determine whether the project is really feasible," notes IDIC director Lawrence Lu. "If the outlook for success is poor, we will tell the prospective investor, 'We don't want any failures marring our reputation.'

Foreign businessmen here have been concerned about the U.S. policy of seeking "normalized" ties with Peking. The American Chamber of Commerce has sent repeated messages to the White House and to influential congressmen warning that preserving U.S. economic in-

terests in Taiwan depends on maintaining the security umbrella of the mutual defense treaty.

But such concern apparently has not caused a curtailment of investment. "If you look around the developing world, you will find big question marks of one kind or another hanging over most countries," said a U.S. general manager. "If you get overcautious because of vague future possibilities, you'll lose out on present opportunities."

—D.H.S.

Emphasis Is on Foreign Trade, the Island's Lifeline

*Another of Taiwan's trade goals is to alter its reputation from supplier of bargain base-
ment goods to producer of quality mer-
chandise, just as the connotation of 'Made in
Japan' was transformed several decades ago.*

\$1.5 billion. Efforts to reduce the imbalance have included restricting purchases of some 1,000 import items to U.S. or European sources.

Taiwan is conducting an even more aggressive campaign to cut its embarrassingly large surplus with the United States (\$1.65 billion in 1977). It has helped subsidize exhibitions of U.S. products in Taiwan and this year is dispatching a series of buying missions to the United States. The purpose of the buying missions will be to negotiate contracts, the usual international tender requirements having been waived. For some \$1 billion worth of goods for state enterprises.

Big Market

"We hope more international businessmen will come to realize that Taiwan constitutes quite a big market," noted Mr. Shao. "In the past only the Japanese were very active in selling here, and our purchases from the United States and

Europe came mainly from our taking the initiative.

"We have no restrictions on imports from these countries," he said. "In fact we welcome them. We are adhering very firmly to free trade principles, despite pressures from some of our domestic industries, because we believe trade should be a two-way street."

Another of Taiwan's trade goals is to alter its reputation from supplier of bargain basement goods to producer of quality merchandise, just as the connotation of "Made in Japan" was transformed several decades ago.

As wages and living standards have risen, Taiwan has lost competitiveness with less advanced countries in turning out low-end products. Taiwan manufacturers have realized for some time that they must "trade up" to more technically sophisticated, better quality products that can command higher prices.

While this process would un-

doubtedly occur naturally, the government has taken steps to hurry it along. Hundreds of key product categories have been placed under a "qualified factory system" supervised by the Bureau of Commodity Inspection and Quarantine. Only manufacturers that pass inspection — not merely for their finished products but also for the adequacy of their quality control procedures and production and testing equipment — are permitted to continue exporting. The bureau works with the others to try to bring them up to standard.

"This system has inevitably caused many difficulties during the transition stage," said Mr. Shao. "But we are willing to make short-term sacrifices to build up our quality. Already we have had some very positive reactions from overseas buyers."

Another new program is to promote the development of large trading companies, with minimum capital of \$5 million and the ability to open overseas branches. Taiwan now has some 8,000 registered trading companies, but most of them are small-scale, unable to compete effectively with the giants of Japan or even South Korea.

Special Privileges

The first big trading firms, each specializing in different markets or products, are expected to be licensed this summer. They will be accorded special privileges, such as the right to operate bonded warehouses and to extend credit to manufacturers for raw material imports.

People in Taiwan often refer to foreign trade as the island's lifeline. With a relatively small domestic population, Taiwan must rely on sales abroad as the engine to drive the economy. Exports last year accounted for 47 percent of gross national product, one of the highest ratios in the world. Poor in natural resources, Taiwan must also import nearly all the energy supplies and raw materials needed by its industries.

Taiwan, with \$17 billion in imports and exports, last year ranked 23rd among the world's trading nations, even though with 17 million people it is only in 37th place by population.

Major imports are crude oil, machinery, chemicals, grain and transportation equipment. The top export categories are textiles, electronics, plastics, wood products and canned foods.

Taiwan's major markets last year were the United States (\$3.6 billion), Japan (\$1.2 billion), Hong Kong (\$634 million) and West Germany (\$414 million). The chief suppliers were Japan (\$2.6 billion), the United States (\$1.97 billion), Kuwait (\$685 million) and Saudi Arabia (\$465 million).

The primary trading partners, only the United States still recognizes Taiwan. The lack of political contacts may mean delays for businesses in obtaining visas and occasionally the imposition of trade restrictions by market countries, without negotiation, but so far no major obstacles to trade have developed.

—D.H.S.

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Free China moves ahead under President C. K. Chiang

**WITH A GREAT FATHER,
YOU HAVE TO TRY HARDER.**

Having a great father is often called a misfortune in disguise because one has to try extra-hard to prove his own worth. This is especially true of Mr. Chiang Ching-kuo (better known in the West as C. K. Chiang), the new President of the Republic of China.

C. K. Chiang, elder son of the legendary Generalissimo Chiang Kai-shek, has worked harder than anybody else since he entered public service in 1938 to demonstrate that he is worthy of the name of his late father. In this he has succeeded to a remarkable extent.

But C. K. Chiang is striving for a nobler aim than vindicating himself. He has been trying to restore freedom to his countrymen on the Chinese mainland besides ensuring the continued democracy and prosperity of Taiwan. That was the wish of the late President Chiang Kai-shek. Until this wish is realized the new President of the Republic of China on Taiwan will not feel satisfied with himself.

Starting from his appointment as an administrative commissioner for southern Kiangsi during the Sino-Japanese War of 1937-45, C. K. Chiang has distinguished himself in a variety of government posts ranging from military to economic administration. But it was his performance as premier in the last six years that pushed him into the ranks of the world's foremost statesmen.

C. K. Chiang assumed the premiership at one of the darkest moments in the history of the Republic. The nation had just lost its membership in the United Nations. The United States, the principal ally and supporter of free China, was cultivating the friendship of Red China. The resultant diplomatic setbacks led some to call the Republic of China the "orphan of Asia." That was not all. When the economic stagflation suddenly materialized worldwide, the ex-

port-oriented economy of the country was hard hit.

In the midst of these seemingly insurmountable difficulties, C. K. Chiang kept his cool. He quietly went on strengthening free China's international position by increasing nongovernmental relations with all countries of the free world. At the same time he initiated 10 major construction projects to broaden Taiwan's economic infrastructure and raise the level of industry. He launched an agricultural rejuvenation program designed to boost production and increase the income of farmers. He did not neglect military preparedness and the process of democratization.

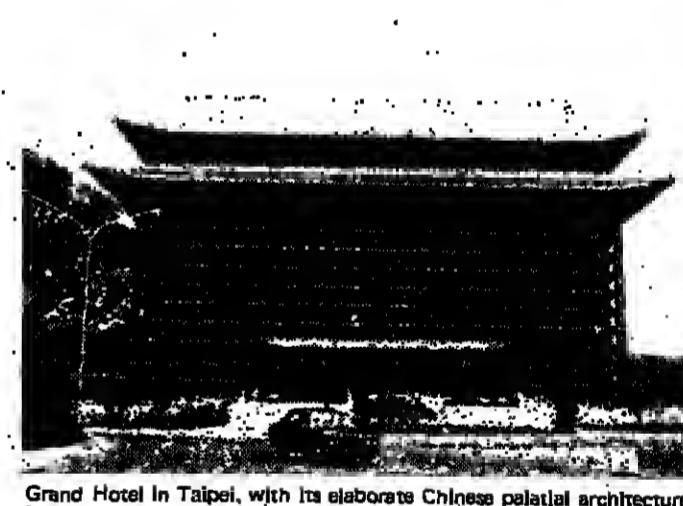
Man of the people: President C. K. Chiang greets crowd of well-wishers.



One secret of C. K. Chiang's success lies in his closeness to the people. He kept in constant contact with them. Half his time was spent rubbing shoulders with farmers, workers, soldiers and young people. He visited people at their homes and places of work, ate meals with them and learned their needs and aspirations.

Premier C. K. Chiang's efforts were richly rewarded. By the time he assumed the presidency in May, free China had attained a level of economic development surpassed only by Japan in the Asian region. Per capita income in Taiwan exceeded the 1,000-dollar mark last year, four times that of mainland China, and foreign trade is expected to top 20,000 million dollars this year, well ahead of Chinese mainland that is 263 times as large and has 55 times as many people. An equally impressive feat of free China is closing of the income gap between rich and poor to about 4 to 1, one of the smallest differences in the world.

President C. K. Chiang is not going to be content with what he has already done for the free Chinese people. In his inaugural address, he said that to recover and reconstruct the country requires "the increasing of our national strength, improvement of the livelihood of our people, expansion of the functions of constitutional rule and the assurance of honest and competent government."



Grand Hotel in Taipei, with its elaborate Chinese palatial architecture, is among the top ten of the world.

TAIPEI — FROM TOWN TO CITY IN A GENERATION

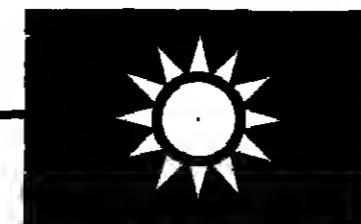
Taipei, the capital of free China, is among the fastest growing cities in the world. It was a provincial town of fewer than 300,000 residents in 1945. The population now exceeds 2,100,000 not counting half a million suburbanites who earn their living in the city.

Taipei is the commercial and cultural center of Taiwan. Some 500 foreign firms — 300 American — have their main offices in the city. There are 12 foreign banks, 8 of them American. Another six foreign banks have representative offices in Taipei.

More than half of free China's higher institutes of learning are located in the Greater Taipei area. The city has two large museums. The National Palace Museum is a fabulous treasure house with a quarter million art objects spanning more than 4,000 years of Chinese history. The Sun Yat-sen Memorial Hall is the scene of concerts and other theatrical offerings. Two years hence, the Chiang Kai-shek Memorial Hall with its Peking opera house and concert hall will be completed.

Taipei is renowned for Chinese cuisine. There are hundreds of good restaurants in the city specializing in all varieties of China's regional cooking. Many are lavishly decorated. Foreign visitors often patronize the roadside stalls, which serve excellent food at bargain prices. Big hotels are concentrated in Taipei. The best known is the palatial Grand Hotel perched atop a small hill on the northern fringe of the city. Once listed by Fortune magazine as one of the 10 best hotels in the world, the Grand is a veritable imperial abode that has housed kings and presidents.

Taipei's biggest headache is traffic. The problem is compounded by the presence of railroad tracks in the downtown area, the large number of motorcycles and taxicabs, and inexperienced drivers. Traffic difficulties are being vigorously attacked by the city's energetic mayor, Li Teng-hui, who believes in the Chinese axiom that any problem can be solved by intelligent determination.



Industry: Strongest Performers Seen to Be Shifting

TAIPEI (IHT) — As Taiwan's economy develops and world conditions change, some of the industries that have been among the strongest performers in the past can be expected gradually to decline in importance.

But other industries with potential for sustained growth are emerging. The electronics and electrical appliance industry, for example, is considered likely to surpass textiles within the next three years to become the country's leading industrial category, and plastics may well push textiles into third place several years thereafter.

In what was seen as a portent of things to come, the export value of Taiwan textiles dropped by \$160 million last year from the \$2.49 billion registered in 1976. While there is a return of growth this year, the textile sector's proportionate contribution to industrial production and export earnings will probably continue to fall.

'White Goods'

Other important sub-categories are electronic watches, telecommunications equipment, tape recorders, stereos and a wide range of parts, and components. "White goods," such as refrigerators and washing machines, are made mostly for the domestic market.

A major step in achieving self-sufficiency in components was taken last year when a government research institute opened a pilot plant producing integrated circuits (ICs) with technical assistance from RCA. Over the next few years increasingly sophisticated types of ICs will be added.

Taiwan is also pinning much of its economic hope on the machinery industry, especially lathes and other machine tools. The leading factories are enjoying such brisk sales that they need to carry out expansion projects to keep up with the demand.

Two factories are already marketing numerical control (NC) lathes and numerous others are preparing to unveil NC machines within the next two years.

One reason for the current boom is thought to be the network of machinery showrooms that Taiwan has been setting up around the world in cooperation with local importers. Such a display center in the Netherlands has helped to stimulate a large volume of orders from

users lumber imported from Southeast Asia. The supplying countries are now showing more interest in creating their own processing industries than in long-range promotion of raw-material sales.

The most dynamic sector at present is electronics and electrical products. Taiwan long ago graduated from the transistor radio stage and is now preparing for a similar jump from black-and-white television production to large-volume sales of color sets.

Last year more than four million black and white and nearly one million color sets were turned out by Taiwan factories. The biggest producers are major multinationals, but such fast-growing domestic companies as Tatung, Sampo and United are rapidly expanding their overseas markets.

'White Goods'

Today, three zones are in operation — two near Kao-hsiung in the south and one near Tai-chung in central Taiwan. All together they contain 268 factories with 70,000 workers and a capital investment of \$230 million (nearly all of it foreign investment).

Total exports from the zones last year came to \$750 million, representing more than 5 percent of the nation's sales abroad.

Some of the factories in the zones bear internationally known names, such as Philips, General Instrument, Grundig, Zeiss, Mitsu and Yamaha. But more commonly, the zones attract smaller companies that, with their limited personnel, particularly appreciate the ease of doing business there.

Since virtually all production is for export, import duties are eliminated on raw materials and equipment. Sales and commodity taxes are waived as well.

Investors may use standard factory buildings provided by the zone or buy land on a 10-year installment basis to construct a plant of their own design. The zones also offer inexpensive warehousing and transportation services.

Advantage

The biggest advantage of locating in an EPZ may be the centralization of all governmental functions in the zone administration. Outside the zones, investors must deal separately with numerous agencies on such matters as taxes, customs clearance, import and export licenses, corporate and land registration, construction licenses and foreign exchange settlement.

Most foreign investors who decide against locating in an EPZ do so because they need a larger plant site or wish to sell their products in the domestic market.

The government has cooperated with numerous other countries interested in creating export zones of their own. The Philippines, South Korea and Mauritius have developed similar facilities modeled on the Taiwan operation, and experts from Taiwan have helped prepare feasibility studies for Thailand, Indonesia, Senegal, Panama and Costa Rica.

"There is a constant parade of people through here from other countries to look at the zone," notes William P. Cole, general manager of the General Instrument Microelectronics plant in the Kao-hsiung EPZ. "When others copy you, you must be doing something right."

— D.H.S.

unfazed by the "orderly marketing agreement" last year that sharply restricted exports of Taiwanese footwear to the United States, has also been undergoing strong growth. Many shoe factories have been switching to other lines, such as handbags.

Some of Taiwan's biggest private corporations, such as several members of the Formosa Plastics Group, are found in this industry.

The group's flagship company, the Formosa Plastics Corp., is now the largest PVC (polyvinyl chloride) producer in the Far East and aims to become the largest in the world when an expansion project raises annual output next year to 360,000 metric tons.

With such extensive plastics and synthetic-fiber industries in place, Taiwan has been carrying on "backward integration" in recent years by building up its foundation in petrochemicals. The state-run Chinese Petroleum Corp. this spring brought its third naphtha cracker on stream and is already proceeding with plans for a fourth, designed to boost total output of ethylene, the basic feedstock, to nearly one million metric tons a year.

Supertankers

Shipbuilding is another emerging industry spearheaded by a state enterprise, the China Shipbuilding Corp. Its huge drydock at Kao-hsiung was built to specialize in supertankers. Two, in fact, have already been launched.

But its other supertanker orders evaporated when the oil crisis struck, and CSBC will have to make do with smaller cargo vessels. A massive domestic shipbuilding program designed to expand Taiwan's merchant marine will be able to keep CSBC's two yards occupied for several years.

Although agriculture's share of net domestic product has been dropping steadily (it was 18.5 percent in 1969 and only 13.4 percent last year), the strength of Taiwan's agricultural sector has provided a firm underpinning for the entire economy.

Farming methods have been steadily modernized as a result of an effective extension system and the existence of literate farmers who are open to new ideas. Research institutes have also come up with numerous high-yield crop varieties.

Taiwan's farmers annually produce more than enough rice for domestic consumption, as well as such cash crops as mushrooms, asparagus and pineapple to supply to canneries for export sales. Food-stuff imports are mostly feed grains — chiefly wheat, corn and soybeans — not produced in quantity in Taiwan.

— D.H.S.

Around Taiwan in 6 Days... Enjoyably, Economically

Taiwan attracted more than one million foreign tourists in 1977. More are expected in 1978. For your clients who want to explore the many attractions and wonders of "Ilha Formosa," as enraptured 16th century Portuguese mariners fondly christened the island, travel agents offer the 6-day "Panorama Taiwan Tour" for only US\$250. Complete with de luxe hotel accommodations, breakfasts, reserved-seat transportation in airconditioned buses, trains and planes. The tour includes the National Palace Museum in Taipei, housing the world's largest and most priceless individual collection of Chinese art treasures; the Taroko Gorge, one of the greatest natural wonders of the world; and the poetically named Sun Moon Lake, 2,500 feet above sea level...



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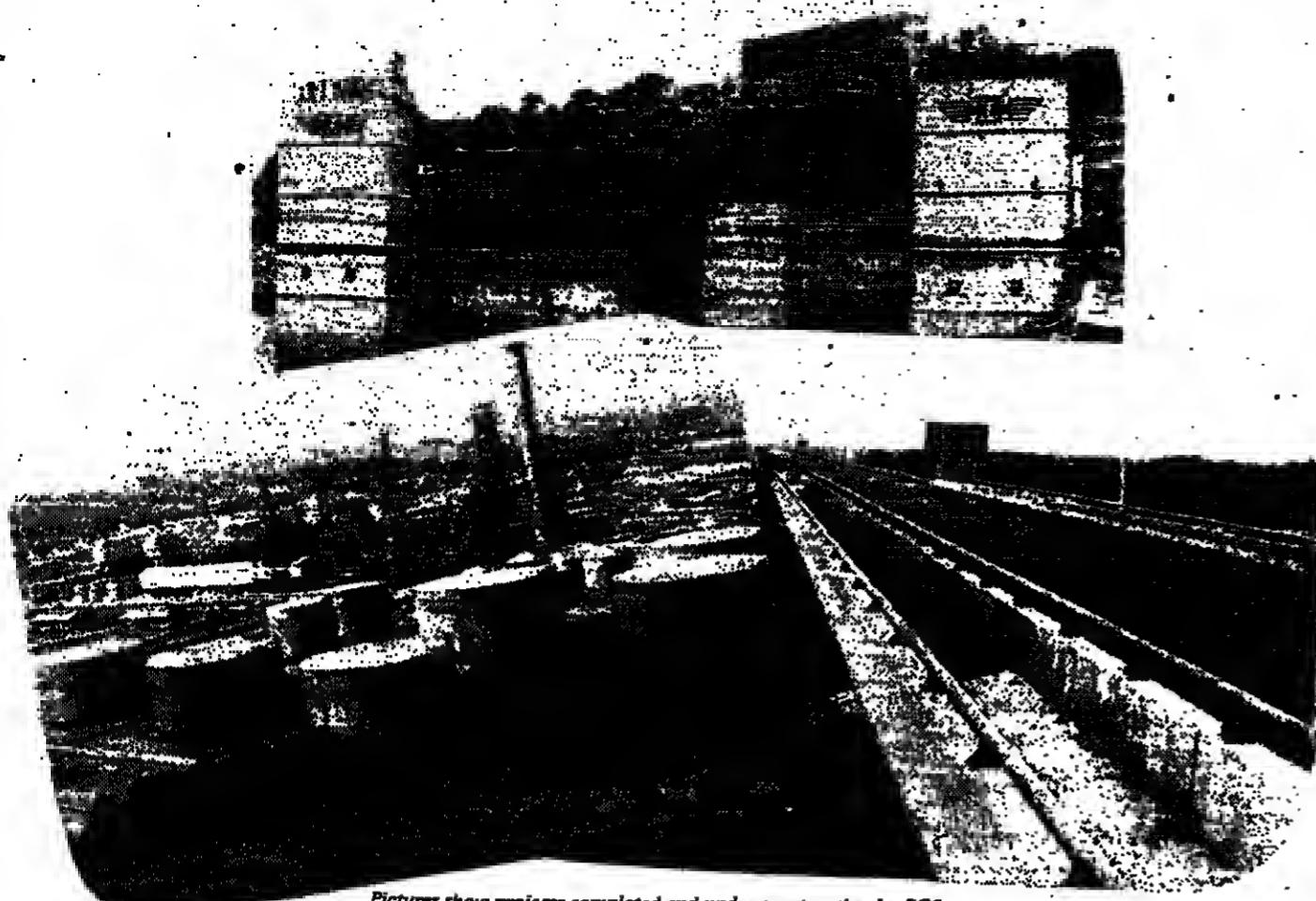
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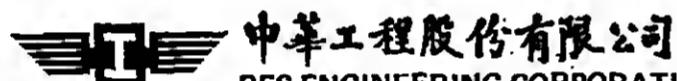
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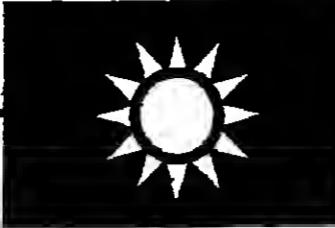
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The Social Gaps Are Steadily Receding

TAIPEI (IHT) — The division between "mainlanders" and Taiwanese, for years a central social and political fact of life in Taiwan, has been steadily receding in importance.

The identification cards of young mainlanders still carry the names of distant Chinese provinces they never saw, but most look upon this island as their permanent home. At the same time, younger Taiwanese feel a stronger Chinese cultural identity than did their parents, who grew up during the 50-year Japanese colonization. Intermarriage, once rare, is increasingly common.

The dialect barrier — spoken Taiwanese and Mandarin differ as much as French and Italian — is no longer a major obstacle. Taiwanese youngsters study Mandarin in the classroom; the mainlanders pick up Taiwanese dialect in the playground.

Most Taiwanese are descended from 17th-century migrants from Fukien province. Despite their majority status in Taiwan (nearly 85 percent of the population), for a long time they were virtually excluded from national-level political affairs after the central government withdrew here from the mainland in 1949.

But in recent years the Chiang Ching-kuo administration has been systematically bringing more "local people" into government service, including many high-level posts, to reduce Taiwanese resentment. Mr. Chiang purposefully tapped a Taiwan native, provincial governor Shieh Tung-min, as his vice presidential candidate.

Gaps

While the communal gap has been narrowed, however, another breach — between the generations — has been opening. Regardless of provincial origin, many younger people consider the national legislative bodies, most of whose members were elected nearly 30 years ago, as unable to provide effective representation. Since the government insists that complete new elections must await "recovery of the mainland," the old legislators retain their seats indefinitely.

Also frustrating to younger people is that they are dominant numerically (65 percent of the populace is under 30) but career advancement often tends to be slow, as older people are reluctant to let



Street merchant sells fruit and vegetables in Taipei.

government program has put more emphasis on technical and vocational education. Whereas five years ago only 30 percent of high school students were enrolled in

such courses, an expansion of vocational school facilities has since raised the proportion to 70 percent. Education is compulsory through junior high school, and competitive is strong in the national entrance examinations for high schools and colleges.

The heavy brain drain of the past has been diminishing. Though thousands still go abroad each year to graduate school, more and more are returning after obtaining advanced degrees. Those with technical backgrounds, in particular, find challenging jobs in industry and government.

In Chinese society, the family has always served as the primary social welfare agency, but the government has also been doing more in this area. An anti-poverty program known as "Operation Well-to-do" has had considerable success by concentrating on job training and medical care.

Improvement of housing conditions is currently among the government's priorities. Public housing is being vastly increased and loans are being offered to spur private construction of low-income dwellings.

—D.H.S.

China Airlines: A True 'Flag Carrier'

By Michael Boydell:

TAIPEI (IHT) — Many countries refer to their national airlines as "flag carriers," but in few cases is the term more aptly applied than to China Airlines.

Taiwan sees the airline's role as promoting the country's diplomatic, as well as its economic, interests. Whenever purely financial considerations clash with the interests of the flag, it is a certainty that the latter will prevail.

This was clearly illustrated in 1974 when Japan announced that it did not recognize the Republic of China flag as a national emblem since it wanted to sign air traffic rights with the People's Republic of China.

The Taiwan authorities responded by severing the air links between the two countries for both CAL and Japan Airlines.

It took Japan 18 months of lost revenues on the so-called "golden route" to capitulate. They an-

nounced that the Republic of China flag was indeed a national flag, and they started a brand new airline to satisfy the Communists.

The interests of the flag prevailed again in a much shorter dispute with the Japanese late last year over CAL's continued use of Tokyo's Haneda airport when other airlines, including China's, were told they had to switch to Narita.

Bowing to protests that Haneda's proximity to downtown Tokyo gave CAL an unfair advantage, the Japanese authorities tried to reduce the airline's operating hours. When Taiwan authorities threatened to take reciprocal action against the Japanese carrier, CAL was finally granted the right of unrestricted use of Haneda.

National interests and prestige were also behind a decision to open a service to Saudi Arabia, one of Taiwan's closest allies and supplier of almost half of the country's oil.

Aviation authorities here are cur-

NUCLEAR POWER THAT HELPS VITALIZE A DYNAMIC ECONOMY IN TAIWAN

Power in Taiwan is now entering a nuclear age. This has been an integral part of our national economic development program. The huge nuclear power program started as early as November 1970. It consists of three power plants with altogether six nuclear units. The first unit of the first plant is completed for commercial operation in June 1978.

Installation of the first reactor of Taipower's second nuclear plant on May 9, 1978 signified another giant step forward in the energy development of Taiwan.

Aside from three months of scrupulous preparations, our engineers took four trying hours to lower the reactor, weighing 600 metric tons and standing 21.6 meters high, to its base. When completed by October 1981, the dependable, pollution-free generating unit will yield an additional 985 MWe for Taipower's installed capacity which has now exceeded 7 million KW. An enormous expense on the imported oil fuel would be saved, too.

The ample, low-cost electric energy supplied by Taiwan Power Company throughout Taiwan and the off-shore islands has been perhaps the greatest single factor contributing to the 4-fold increase in Taiwan's GNP over the past two decades. With its extensive development plans and excellent service, Taipower assures Taiwan of a more affluent society in the years to come.



The reactor pressure vessel of the second nuclear plant is being lowered to its base.

TAIWAN POWER COMPANY
Taipei, Taiwan, Republic of China

مكتبة من الأفضل

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JUNE 14, 1978

NYSE Nationwide Trading Closing Prices June 13

12 Month Stock High Low Div. In 5 Yld. P/E 100s. Sls. Close Chg. %	12 Month Stock High Low Div. In 5 Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In 5 Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In 5 Yld. P/E 100s. High Low Quot. Close
36% 30% ACF 2.18 5.9 3 354 36 354+ 36	45% 35% British 2 4.5 2 444 444+ 444	41% 42 DataGen 18 402 600 59 60 -1%	27% 28% Karp 1.48 2.5 15 1275 174 174+ 16
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Observer**Taxing the Future**

By Russell Baker

NEW YORK — The injustice of the property tax is that it is a tax on potential wealth rather than real wealth. Let's say you are a well-set-up young man with a bull neck and ample thigh girth and you have gone into the hairdressing business, that you have a small shop in a suburban shopping mall and are happily getting by on \$25,000 a year and are having a good time cutting and spraying hair.

In fact, cutting and spraying hair is the thing you have always wanted to do. One day the tax man drops in. He examines the thickness of your neck and measures your thighs. Next week you get an income tax bill for \$40,000.

"What's the idea?" you ask International Revenue.

"At your age, with that magnificent neck and those oaken thighs," they explain, "you should be earning \$100,000 a year as a profession al football player."

They have assessed your probable value at four times your present income and taxed you accordingly.

Well, the income tax doesn't work this way, of course, although it does have absurdities of another sort. The property tax does work this way.

Uncle Granville bought what was then a modest house in the suburbs during the 1960s and retired to mow the lawn happily ever after. One day the tax man visited. He noted that the lawn was neatly mowed. He also noted that the Clem Potter house — Clem died last year — sold for twice what Uncle Granville paid for it in the 1960s.

Before long, Uncle Granville got a tax notice from his house had doubled in value and that he would now have to pay twice as much in taxes on it.

Uncle Granville went to the property tax office. "Where am I going to get all the fresh new money you fellows are asking for?" he inquired. "All I can do these days is mow grass."

"We do not give advice on where to find the scratch," the property tax office told him. "The fact is you are sitting on a piece of property

which, if sold, would be worth twice what you paid for it."

Uncle Granville had no desire to sell his house. He enjoyed mowing the lawn. He got along with the neighbors. Like the splendidly muscled hairdresser at his nearby shopping mall, he was happy there. Unlike the hairdresser, he did not escape payment's necessity. The property tax insists on making claims on your potential wealth, even though real wealth is nonexistent. So Uncle Granville went back home and sold his lawn mower and his car and when this still wasn't enough, tried to sell Aunt Clara, too, but didn't succeed. The tax man came by and suggested he sell his house.

It was easy to let the grass grow, since he had sold his mower. With a hammer he smashed the picture window and replaced it with a sheet of plywood. With spray paint he covered the house with graffiti.

In the evenings, he sat on the front stoop playing acid rock at top volume on his transistor and drinking muscatel from the bottle. The neighbors called the newspapers, which sent reporters.

Uncle Granville appeared on the television news where he revealed an appealing gift for colorful small talk that soon earned him invitations to appear on network talk shows. He almost became a celebrity, but, having developed a taste late in life for muscatel, he could not be relied upon to keep the conversation below the acceptable level of inanity, and so was dropped from the guest spots.

By this time, however, he had become something of a local institution and, since his fame rested largely on his picturesque house, it became a collector's item. Naturally, the tax man returned, sized the house up, guessed it would now sell five times what Uncle Granville had paid for it and doubled the tax, then doubled it again for good measure. Uncle Granville sold. He had no choice. With the money he opened a hairdressing shop. Last week a customer, after listening to Uncle Granville's typically colorful conversation during the shampoo, told Uncle Granville he could earn a fortune as a disc jockey.

Suspecting that this was a tax man planning to tax him as a potential radio star, Uncle Granville left him under the hair dryer until his brain fried.



Baker

Although there are 35,000 fluent Esperantists in 80 countries, only 800 are Americans. Still, those numbers represent increases over two years ago.

The Esperanto Crowd Is Still Hoping

By Robert F. Levey

WASHINGTON (WP) — Esperanto has not exactly surged onto the world scene in its first 91 years, and may never. There are already 3,000 languages. Why a 3,001st?

Well, to promote peace for openers. And international understanding. And better communication. And to spend less money on translators and translations.

Dreamers, these Esperanto folk. Indeed, the very name of their language translates as "One who hopes."

But their membership logs show numbers that aren't dreams. The movement for a nonpolitical, nonnationalistic, worldwide language is gathering some interest again — and nowhere more than in Washington.

Invented in Poland

About 20 well-dressed Washingtonians crowd the community room of a police station for their meetings. There, the Esperanto Society of Washington may read poetry, view slide shows or hear speakers. Whatever the program, all proceedings are conducted in Esperanto.

Invented in Poland in 1887, Esperanto has been in use in the United States since 1907. The language presents relatively little reading difficulty to anyone versed in a Western language.

Nearly 80 percent of its roots are Latin; only the endings or beginnings of words look unfamiliar. "Matematiko" is the Esperanto rendering of mathematician, for instance. "Kato" is cat. "Yes" is yes.

But speaking the language, or understanding it, is a bit trickier.

Esperantists contend that their pride and joy sounds closest to Italian, with teaspoons of Yiddish, Slavic and German thrown in. One novice found it more like bathtub Spanish. Whatever, Esperanto is tough to learn without practice.

But not that tough to preach: Consider these words, famous in any tongue:

En la komenco, Dio kreis la cielon kaj la teron.

That is the first line of the Bible (In the beginning, God created the heaven and the earth). In the Esperanto version, each word is pronounced exactly the way it would be if it were English, except for "kaj," which is pronounced like the Greek letter chi.

Thirty hours, and you can be functional with it, said John Dale, 31, a Washington editor and an Esperantist since college.

Excessive Investment

The problem, of course, is that many consider 30 hours an excessive investment, especially in the United States. Although there are 35,000 fluent Esperantists in 80 countries, only 800 are

Americans. Still, those numbers represent increases since two years ago.

Dr. James Lieberman, a psychiatrist and former president of the worldwide Esperanto Society, thinks the problem has been the American "sciences" of promotion and public relations.

"We've had some proselytizers, but some who've been just the opposite," Dr. Lieberman said. "There were some people who would grab the bus driver by the lapels and say, 'You should learn Esperanto.' But a lot of the approach has hacked.

"Educators never got interested. They think it's a code or a game. And you always hear that only psychotics or children invent languages."

Ideal Showcase

But there were more basic marketing problems. Since Esperanto was invented, much of the world has turned to English as a second language, so there has seemed to be little need for a third. And because of habit or national pride, many potential Esperantists do not want to budge beyond their mother tongues.

The sense of hope has been strongest at the United Nations, Unesco's secretary-general declared in 1966 that the concept of Esperanto, if not the language itself, coincided with Unesco's aims.

Esperantists feel that the United Nations would be an ideal showcase for the effectiveness

of their tongue. If adopted, it could save the United Nations nearly \$1 million a year in translators' salaries and equipment, they argue.

But for now, as John Dale put it, "It's lonely because you feel, 'Who the heck out there cares?'

"Because national leaders do not support it, nothing happens. It's inertia and habit and skepticism. There's no valid, rational argument against it."

Dr. Lieberman feels that Esperanto's failure to take hold is more the result of people being put off by the work it requires. The problem is so familiar that Esperanto has an idiom for such people: *eternu komencanton* (perpetual beginning).

The greatest interest in Esperanto came just before each of the two world wars. Wartime tensions nearly killed the movement both times, and in the United States McCarthyism of the 1950s factionalized it. Even 25 years later, Dr. Lieberman said, friends of his are surprised to learn that the language and its backers still exist.

Are Esperantists kidding themselves? Only, says Dr. Lieberman, if they lose sight of their goals.

"The idea is not to intrude on other people's mother tongues. The idea is to preserve languages, but to have an agreed-upon second language. It's a hobby, a serious hobby. It's a cause,"

U.S. Women's Group Sue Hite Report Author

leaves for open-air concerts on continent. *

Scalpers were getting at least \$100 ticket in Atlanta for far anxious to see the Rolling Stones. Besides the scalpers, fans were soaked by heavy rains before they could get inside the Fox Theatre. Tight security had been set around the theater 36 hours in advance, preventing the more venturesome from gaining free entry, including some who tried to sit through a transvest. Although some officials estimate there were nearly 4,000 who did not pay, Miss Hite could not be reached for comment. *

The woman the Chicago newspaper used to call "the Mafia princess" said that she is without funds and will be evicted Wednesday from her \$400-a-month rented house. Her father cut off all contact with her six years ago, said Antonette Giacanea, the daughter of Sam Giacanea, a Chicago mob figure shot to death in 1973 as he was cooking sausages in the basement of his home. "This is ridiculous and absurd," she said. "I'm Sam Giacanea's daughter. I deserve better." Communication was severed because she wanted to separate from her husband, Carmen Manao, said Miss Giacanea, and in her father's mind, "no Italian girl divorces her Italian husband."

Now that she's in the process of being divorced from Henry Ford II, said Christina Ford, she has given up the jet-set life she once lived and has become a homebody on the couple's estate in Grosse Pointe, Mich. "I live like a nun here," Mrs. Ford, who is 48 years old, told an interviewer. "For a year I was so anguished that I shut myself off from the world. I walk and reflect upon all the beautiful days I had with my husband."

There were crowds awaiting him at the London airport and even a scuffle between news cameramen and his record company executives, but none of it fazed singer Bob Dylan. Dylan laughingly said the English weather was the reason he had not been in London for nine years, and he cheerfully signed autographs for dozens of fans. Dylan has sold a total 96,000 tickets for six scheduled concerts in London's Earls Court auditorium before he

then quit. Dylan claims that a prince gave them two checks for two American banks for a total \$900,000 due to his record company.

A Saudi Arabian prince is being sued for a gambling debt of near \$900,000 by a London casino, records show. Ladùp Limited, a casino division of bookmakers Ladùp, entered the action again Prince Talaib bin Abdul-Aziz.

Saud, 46, a businessman cousin King Khalid, he lives in Ryad, then writes. Ladùp claims that a prince gave them two checks for two American banks for a total \$900,000 due to his record company.

The first said \$151,820 (\$1,456,455) and he was refused. The first said \$151,820 (\$1,456,455) and he was refused.

Bob Dylan's manager, Bob Dylan, said \$151,820 (\$1,456,455) and he was refused.

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